

NEWS: EUROPE

Chirac's defence reform plans win mixed response

By David Buchanan in Paris

President Jacques Chirac yesterday addressed 500 of France's most senior officers and called for their "solid support" in phasing out conscription and creating a fully professional armed force, but the ambitious plan stirred controversy among the country's politicians.

The sweeping reforms will reduce the size of France's armed forces from 362,000 to 332,000 over the next six years. But Mr Chirac told the

officer corps that there would be no forced redundancies under the 1997-2002 draft defence programme, which he described as "the most important since the end of the Algerian war".

This is because a smaller fully professional force will have a higher ratio of officers to rank-and-file soldiers than the existing large part-conscript force.

But French politicians were divided in their reaction to most of the reforms, except for the

announcements that France would scrap some outdated nuclear missiles and stop making new nuclear warhead material. This drew a unanimous political welcome.

Many on the left criticised the scrapping of conscription as going against France's republican tradition of a citizen army. But they were also supported on the right by Mr Charles Pasqua, a Gaullist heavyweight, and Mr François Léotard, defence minister in the previous Balladur government.

In his reforms, Mr Chirac has gone out of his way to try to preserve France's military relationship with Germany. He has promised to scrap the redundant Hades nuclear missile, which has so short a range that it fired eastwards from France could hit only Germany, to maintain all important Franco-German joint arms programmes, and to continue the French commitment to the Franco-German Eurocorps.

Though Mr Chirac promised to spare Franco-German programmes from the axe that will fall elsewhere on military equipment projects, defence officials said that with a smaller army France would need fewer of the Franco-German Tiger attack helicopters than it had originally planned. Another casualty is the Future Large Aircraft, a troop transport that France, Germany and some other countries were planning. The draft 1997-2002 programme contains no money for this.

Peter Norman adds from Bonn: Germany's Chancellor Helmut Kohl yesterday made clear that his government had no intention of following the example set in France's defence reforms of abandoning conscription.

In a fairly guarded reaction to the French decisions, the chancellor expressed the hope that France would keep a "substantial presence" of French troops in Germany and welcomed Mr Chirac's commitment to more intensive co-operation with Germany in future. The German government expressed particular pleasure at the decision to scrap the Hades missiles.

IMF strikes hard bargain with Moscow

By Chrystia Freeland

Russia must lift most oil and gas export tariffs by April 1 and swiftly close tax loopholes to qualify for the \$10.2bn loan which was promised this week by the International Monetary Fund.

Mr Michel Camdessus, IMF managing director, said the preconditions and a monthly disbursement schedule would ease fears which have overshadowed the Fund's negotiations with Russia this election year, that once an agreement has been reached the Kremlin could break its austerity promises and woo voters with a round of heavy spending, or that a post-election Communist-dominated government would try to turn the clock back.

"We have procedures which

create a strong incentive in keeping them to their words," Mr Camdessus said.

The IMF's collection of sticks includes an April 1 deadline for the abolition of export tariffs on natural gas and a 50 per cent cut in tariffs on oil. Export tariffs on oil must be phased out by July 1.

Mr Camdessus said these "explicit performance criteria" would make the difference between this year's programme and last year's, when Russia reneged on its pledge to remove the export tariffs.

An even more powerful lever is the monthly disbursement scheme, which differs from the more usual IMF procedure of paying out loans in quarterly tranches.

"They know that if they exceed the monthly budgetary limits established in our pro-

gramme we would interrupt disbursements," Mr Camdessus said. "That is the beauty of monthly monitoring."

He also hinted that the IMF's strict supervision would be used as a weapon in the battle between reformist and conservative factions within the current government, which is intensifying as the June 15 election approaches.

In particular, Mr Camdessus said Mr Victor Chernomyrdin, the Russian prime minister who is seen as the strongest advocate of a tough reform programme within the ruling elite, believes the monthly monitoring would help him achieve ambitious inflation and budget deficit targets.

"Chernomyrdin sees this as an instrument which is very useful for him," Mr Camdessus said. "He is very proud - and rightly so -

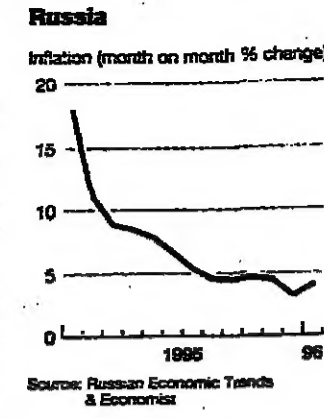
to have complied with our agreement in 1995 and he intends to continue it in 1996."

Yesterday's state of the union address by President Boris Yeltsin suggested Mr Chernomyrdin will need all the help he can get. In an attempt to distance himself from the painful economic effects of last year's austerity programme, Mr Yeltsin pinned the blame on his cabinet of ministers. He also warned that if living standards did not swiftly improve he would sack the government.

Mr Camdessus admitted: "We in the Fund were a little bit concerned when we saw everyday a new decree [promising more spending]." But the IMF chief insisted that - political pledges notwithstanding - Russia had met the IMF's tough economic standards.

Mr Camdessus insisted he was not in Moscow "to buy votes for President Yeltsin" and brushed off the Kremlin leader's boast of forcing the Fund to reach a deal with Russia by lobbying friendly western heads of state.

"I don't doubt that President Yeltsin had these conversations with his colleagues," Mr Camdessus said. "But I must tell you that the decision we took was not influenced by these telephone calls."



The Russian government's impressive economic performance over the past year - which has seen inflation fall to less than 4 per cent a month and a stable rouble exchange rate - is a legitimate foundation for the IMF's decision to grant the second largest loan in its history.

EUROPEAN NEWS DIGEST

Spain still angry over Eta suspects

Spain reacted angrily yesterday to what it claimed was the continued failure by the Belgian government to co-operate against terrorism. Spain called an emergency meeting of the Schengen convention on cross-border travel last week after the release by Belgium's supreme judicial authority of two suspected members of the Basque separatist group Eta, wanted in connection with bomb attacks by the national court in Madrid.

Spain's secretary of state for Europe, Mr Emilio Fernández-Castaño, said that despite assurances allegedly given by Belgium at the meeting he had failed to receive clear signals that precautionary measures had been taken to monitor the movements of the suspects.

Madrid's sensitivity reflects heightened concern over an upsurge of Basque violence. Spanish security forces are braced for protests this weekend following the arrest of two prominent spokesmen of Herri Batasuna (HB), the radical group that acts as the political wing of the Eta gunmen, over a banned election video broadcast. A chief flashpoint is likely to be an electoral rally tonight in the city of San Sebastián, where the party plans to screen the video, which shows hooded and armed members of Eta demanding self-determination for the Basque Country. Madrid's anti-terrorist court has ordered the confiscation of the video and warned that it will order the arrest of all the members of HB's 26-member governing council if the video is shown at the rally. However, mainstream Basque nationalists parties fear the crackdown will fuel a sympathy vote for HB in the general elections next Sunday.

German money supply leaps

Germany's money supply grew much faster than usual in January, but this partly reflected technical factors and most economists did not see it as an impediment to further interest rate cuts. The Bundesbank said M3 grew at an annualised rate of 8.4 per cent, well above its 1995 target range of 4-7 per cent. It noted that the M3 trend early in the year was subject to sharp movements because of the short period since the base period of the previous year's fourth quarter. Against the last quarter of 1994, M3's annualised rise was only 3 per cent after 2.7 per cent in December.

The bank said monetary capital formation (investment in long-term bonds outside M3) had been weak because of low bond market interest rates and uncertainties in the market. Bank lending had also strengthened.

Wholesale and producer price indices yesterday pointed to an absence of inflationary pressures in January. Wholesale prices were 1.1 per cent lower than the year before; producer prices were unchanged. The federal statistics office said a 0.7 per cent drop in producer prices between December and January reflected reduced energy costs following the removal of charges to subsidise coal production from electricity bills.

Mercedes recalls cars

Mercedes-Benz is recalling 545,000 of its "C" class cars worldwide to rectify a defective and potentially dangerous catch securing the bonnet. The German company said yesterday it put the expected total cost of the recall at DM22m (\$15m).

The recall involves 350,000 vehicles in Germany, 47,000 in the US and Canada, 22,000 in Japan and 226,000 in the rest of the world, Mercedes said. Mercedes said that the bonnet of "C" class cars had opened in seven cases while the vehicle was moving, though without causing an accident.

French insurance reform plan

The French insurance sector is to vote in April on a reform plan which could lead to a substantial shake-up in the way in which policies are sold. The FFSA, the association of French insurers, and FINSAGA, the syndicate representing the country's independent insurance sales agents, reached agreement on Thursday night on removing much of the existing legislation governing relations between France's 17,400 agents, and the insurance groups for which they work, creating far more flexibility for the negotiation of individual contracts.

New Norway bank chief

Mr Kjell Størvik was yesterday appointed governor of the state Bank of Norway to succeed Mr Torstein Moland, who resigned last year after allegations of tax cheating. Mr Størvik, 65, has been deputy governor 10 years and acting head since Mr Moland resigned on November 19, less than two years into his six-year term. Mr Moland had requested a leave of absence as he could fight a 45 per cent penalty tax imposed by the Oslo tax board. A few days later, he resigned, saying he did not want himself or family subjected to more pressure. Mr Størvik, an economist, worked for the Norwegian Shipowners Association for 20 years, and then as a deputy finance minister from 1981-85 before he was appointed deputy head of the central bank.

French trade gap widens

France reported a record commercial trade surplus of FF104.5bn (\$20.6bn) during 1995, up 27 per cent on the previous year, the government announced yesterday. Exports rose 9.2 per cent to FF1,427bn during the year, while imports rose 7.9 per cent to FF1,322bn. The previous record surplus was of FF97.7bn in 1993. Mr Yves Galland, industry minister, predicted that the surplus for 1996 would be approximately the same as last year.

The December figures showed a surplus of FF7.1bn, Airbus for FF2.5bn.

The positive state of exports contrasted with gloomy projections this week of a rise in unemployment for 1996. The head of the French unemployment assistance agency Unédic predicted the total would rise by 108,000 above the level of 1995.

Switzerland recorded a current account balance of payments surplus of SF23.5bn (\$19.6bn) last year, SF1.6bn less than in 1994. The current account surplus in the final quarter of 1995 was SF6.1bn, SF0.2bn less than in the corresponding quarter of 1994.

Sweden's trade surplus was SKR8.3bn (\$1.2bn) in January, after SKR1.1bn in December and SKR7.9bn in January 1995.

Italian politicians try to woo Dini and Di Pietro

Ex-PM and ex-magistrate could draw votes, reports Robert Graham

Mr Antonio Di Pietro, who became an Italian national hero for spearheading the anti-corruption drive against politicians, is under intense pressure to become a candidate in general elections in April following the dismissal of charges of blackmail against him.

Overtures are being made from both the left and right. Opinion polls show the former Milan magistrate could bring 5-10 per cent of the national vote behind him.

Another person being courted who could influence the balance of votes is Mr Lamberto Dini, premier since January 1994. Mr Dini is being asked to join the centre-left alliance, but he was reported last night to be planning to form a new centrist party.

Both men will have to make up their minds shortly. Mr Dini was expected to reveal his hand soon. For Mr Di Pietro, the situation is more complex. Only one of the three charges of blackmail and abuse of office were dismissed by the Brescia judge on Thursday night. In the past, Mr Di Pietro has said he will not enter politics until his name has been fully cleared.

The dismissed case centred on allegations that Mr Di Pie-

tro in 1989 tried to blackmail the then minister of posts to secure a job supervising the computerisation of the Milan judiciary. Mr Di Pietro, a self-confessed computer buff, was also alleged to have tried to secure favourable treatment for two former carabiniere who had set up a computing business.

However, he still risks being sent for trial for blackmail and abuse of office for having allegedly obtained a loan and services worth L220m (\$31,000) from a Milan businessman involved in an insurance fraud. Mr Di Pietro has admitted receiving the loan but denies any impropriety. All monies were repaid by the end of 1994. The same case concerns allegations he used undue pressure to secure a job as head of Milan traffic police for a friend whose gambling debts he is said to have arranged to have paid off.

A decision whether to dismiss these charges will not be made until after a court hearing early next month. In the meantime a Brescia court is due to consider whether to proceed against Mr Paolo Berlusconi, younger brother of the ex-premier Silvio, and Mr Cesare Previti, defence minister in



Di Pietro: charges dismissed



Dini: being courted

the Berlusconi government, for allegedly blackmailing Mr Di Pietro into resigning from the magistrature. The Milan magistrate resigned from his job in December 1994, shortly after he had brought charges of alleged corruption against Mr Silvio Berlusconi.

Mr Di Pietro has had no previous political experience; but he has been so far careful to keep his distance from both the centre-left and the right-wing alliances. Originally his sympathies appeared to be with the right; but the manoeuvres by the Berlusconi camp to undermine him while he was a magistrate would complicate any link with this alliance. His supporters have suggested he create an independent group which could ally with either alliance to form a government.

Mr Dini - who was brought in from the central bank to join the previous Berlusconi government as treasury minister - also appears attracted to the idea that his political capital is greater if he remains independent. A group of prominent figures historically linked to the centre in Italian politics and organised by Mr Antonio Maccanico, the man who was failed to form a government, is anxious to recruit Mr Dini. This group wants to give the centre-left alliance more electoral appeal by countering the dominance of the Party of the Democratic Left (PDS).

Mr Dini, after a year as premier, could be a key figure in giving such a group credibility. But Mr Dini's long hesitancy indicates his doubts about committing himself to one of the existing groups.

Schneiders flown first-class to German prison

By Andrew Fisher in Frankfurt

Mr Jürgen Schneider, the fugitive German property developer detained in Miami last May after evading arrest for 13 months, arrived in Germany yesterday to face charges arising from the collapse of his business empire with debts of more than DM5bn (\$3.4bn) nearly two years ago.

Mr Schneider and his wife Claudia were driven off in separate dark green police vans from Frankfurt airport. With his wispy grey hair - he discarded his tell-tale toupee while hiding in Florida - Mr Schneider looked less than his distinguished past when his property fortunes were at their peak.

To avoid reporters in Miami, police flew the Schneiders from Fort Lauderdale in Florida via Chicago. They occupied the whole first-class deck, with reporters kept away from the access staircase. The Schneiders alighted without the handcuffs they had worn on leaving the US.

Mr Schneider, 61, now faces six charges of fraudulent bankruptcy, forgery and fraud, with his wife accused of complicity. Mr Job Tilman of the Frankfurt prosecutor's office said Mr Schneider's charges each carried a possible sentence of one to 10 years. A

Frankfurt judge ordered both to be held in prison until charges were filed, probably in the summer. However, Mr Tilman said bail was possible for Mrs Schneider.

The trial, not expected to start until at least the end of the year, will concern one of the most spectacular German post-war business scandals, involving hotel, shopping and office developments across Germany. With the Schneider collapse coming close on the heels of the near-bankruptcy of Metallgesellschaft, the metals and industrial group, over US oil futures trading, it put an embarrassing spotlight on German banks' lending.

As both Mr Schneider's biggest creditor and the main institution behind Metallgesellschaft, Deutsche Bank has been particularly exposed. It lent DM1.2bn to Mr Schneider, of which it expects to lose around DM500m after the proceeds from sales of some of the DM3bn worth of property left by the Schneider collapse.

Mr Schneider has claimed that Deutsche Bank precipitated the crisis by refusing him a refinancing package. He denies falsifying plans to persuade banks to lend him more money than his projects justified. In Miami, he said Deutsche Bank had tried to "criminalise" him. The bank said this was "nonsensical".

Spain's Socialists under siege in rural heartland

Growing middle class shifts the political balance in an impoverished region, writes David White

In the village of La Albuera, on the rolling plain south of Badajoz near the Portuguese border, elections are a perfunctory business. People here have stuck with the Socialists since democracy was restored in Spain in the late 1970s.

The 30-year-old mayor, Mr Manuel Diaz, was re-elected last year with more than 70 per cent backing. Of the nine-member local council, seven belong to the Socialist party.

La Albuera, in deepest Extremadura, is typical of the rural

support which forms a big part of the remaining Socialist bedrock.

After 15 years in power in Madrid, the party has lost much of the urban vote which swept it into government. Its last main bastions, along with remaining "blue-collar" support in areas such as the outer belt of Barcelona, are the pensioners and farm workers who have been clear beneficiaries of Socialist rule.

La Albuera is a place of low, whitewashed houses, with 1,500 people and 17 bars. Its only tall building is a grain silo, now empty after the fifth consecutive year of drought.

The village's only claim to fame is as the site of a battle in 1811, when British, Spanish and Portuguese troops defeated a French column sent to relieve Badajoz. Byron recorded the event in *Childe Harold's Pilgrimage*. His lines can be read on a new tiled monument on the main road running through the village.

Twenty years ago there was nothing here, says Mr Diaz - no electricity, no running water. Now there is a clinic and a cultural centre. Films are shown for free and the streets are being repaired, with new pavements and potted orange trees.

The money comes from regional authorities and the government's Rural Employment Plan (PER), a scheme operating in Andalucía and Extremadura to offset the lim-

ited seasonal work available on the big farm estates.

For Mr Diaz, farm labour is the core of Socialist support. About 300 local farms are dependent on the PER for income in the slack periods of the year. "This is what critics on the right attack as the 'subsidised vote'."

Mr Juan Carlos Rodríguez Ibarra, Socialist president of Extremadura's regional government, says conditions are too hard to do away with the system. "It will only disappear when *extremos* leave school with two languages and a professional qualification or a degree," he says.

Extremadura, which won its name 700 years ago as the farthest extent of Christian conquest, has long been a synonym for backwardness. The dominion of the stork, it is a hard land, with expanses of grazing country.

The Badajoz region has Spain's lowest product per capita, barely half the European Union average. Unemployment, according to the latest official survey, stood at almost 31 per cent in Extremadura at the end of last year. Of the jobs there are, one in five is in agriculture, with a similar proportion in the civil service or public sector.

The Socialist vote in Extremadura and the larger neighbouring region of Andalucía tipped the balance in the last

general election three years ago.

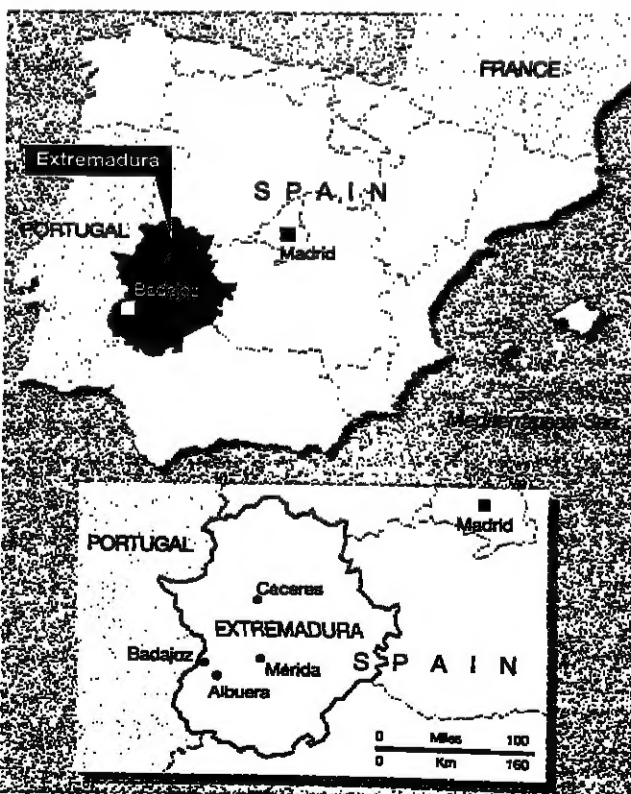
But in local contests last year the Popular party (PP) captured the main Extremadura towns, including the capitals of the region's two provinces, Badajoz and Cáceres, and the regional administrative seat of Mérida.

"Nothing is permanent in politics," says Mr Rodríguez Ibarra, an outspoken left-winger who has run Extremadura's government since it was set up in 1983. Now 48, he is one of the Socialist party's last regional "barons".

The party's strength, he says, has lain in the welfare system. In Extremadura the Socialist period has radically changed the distribution of wealth, he argues. "A middle class has emerged, similar to the one that existed in the rest of Spain. And now it doesn't want to have anything to do with the welfare state."

The shift to the right among middle-class Spaniards, who often feel they are paying too much in taxes for the services they receive, has come to Extremadura too. At regional level, the Socialists have already lost their outright majority. Now it will be a close race with the PP to see who gets more of the region's 11 seats in Congress.

"The urban voter has turned his back on the Socialists," says Mr Amador Alvarez, 50, chief PP candidate for Cáceres province. A village mayor and



like Mr Rodríguez Ibarra - a former teacher, he puts his faith in plans to reduce red tape for small companies and generate private initiative.

Funds have been poured into the region "as if we were a rich country with money to spare," but not into productive investment, he says. On the other hand, he is convinced Extremadura will continue to need "solidarity" from the rest of Spain.

He believes Extremadura

will swing further towards the PP if the party forms the next Spanish government.

People here tend to vote for whoever is in power, he says. "They don't want to be left behind. It's something ancestral." The small-town vote, which has so far remained loyal to the Socialists, could follow the trend of the cities, he adds.

But the mayor of La Albuera is confident. "That is not happening here yet."

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مكتبة المجلد

Clearance for Samsung deal on helicopters

By John Burton in Seoul

The South Korean government yesterday approved a joint venture between Samsung Aerospace and Bell Helicopter/Textron of the US to produce light civilian helicopters in spite of protests from domestic aerospace rivals.

Korean Air and Daewoo Heavy Industries, which both have helicopter projects, accused the ministry of trade, industry and energy of showing favouritism toward Samsung and ignoring its own policy of product specialisation in the aerospace industry.

The planned joint venture to produce 1,200 light twin-engine helicopters between 1996 and 2012 would boost Samsung's position as South Korea's dominant aerospace company.

Korean Air and Daewoo said that the project would allow Samsung to monopolise the domestic helicopter industry.

Samsung is already the prime contractor for assembling Lockheed Martin F-16 fighters for the Korean Air force, and it is leading a Korean consortium to develop and produce 100-seat passenger jet aircraft in co-operation with China. Samsung is also negotiating to buy assets of Fokker, the troubled Dutch aircraft manufacturer.

Samsung, which has been providing airframe components and sub-assembly work for the Bell 212 and 412 models since 1987, will invest \$60m in developing the new light helicopter, while Bell will provide \$240m. Total production would be equivalent to half the world market for twin-engine helicopters.

Samsung will assemble 500

of the 8-seat helicopter, the Bell 427, and supply the airframe for all the planned 1,200 units.

The Samsung/Bell joint venture is a particular blow to Daewoo, which was selected by the South Korean government in 1990 to develop light helicopters for civil and military use.

However officials have so far

Korean Air and Daewoo say the project would allow Samsung to monopolise the domestic helicopter sector in South Korea

refused to issue a licence for their production.

Korean Air mainly produces military helicopters, but it is planning to develop civilian light-weight helicopters as part of a \$400m expansion of its aerospace activities.

Korean Air has been losing government-related aerospace business to Samsung in recent years, including leadership of the F-16 assembly programme. It protested several years ago when the government decided to switch production of engines for the US-designed Black Hawk combat helicopters from Korean Air to Samsung.

Officials said they approved the Samsung/Bell joint venture to replace an earlier agreement Samsung had with Eurocopter of France to produce a 14-seat helicopter.

Opposition in Australia slips up on tax plan

By Nikki Tait in Melbourne

The penultimate week of Australia's federal election campaign ended yesterday with revelations that the coalition opposition plans to offer individuals sizeable tax-breaks on savings.

News of the savings scheme slipped out in a direct mailshot by the Liberal party to about 2m households. This talked of a cut in the tax on savings interest of up to 25 per cent, but did not mention that the concession is likely to be heavily means-tested.

Mr John Howard, leader of the coalition, appeared at first confused about the letter, which bore his signature, and declined to release full details of the measures. He said these would be available well ahead of the March 2 poll date. The savings policy hitch was the latest in a series of stumbles by the coalition's campaign this week.

The Labor government ministers quickly seized the advantage. "Next he'll be offering us a set of steak knives," quipped Mr Paul Keating, prime minister, who has already attacked the degree of largesse promised by the coalition.

Meanwhile, Mr Ralph Willis, treasurer, claimed that the measure would cost around \$450m-\$460m (US\$384m-US\$461m) a year, adding to the problems of matching promises and funding measures.

Mr Howard said that talk of a "billion dollar policy" was erroneous, but did not provide alternative costings.

In theory, any move to boost Australia's low savings ratio should be welcome. However, reports on the issue in Australia have expressed some scepticism as to whether bigger tax breaks would actually lead to an increase; the alternative suggestion is that individuals would simply aim for a similar amount of interest income, and save less.

According to recent opinion polls, Labor has been gaining on the coalition, a combination of the Liberal and National parties, but most pundits are divided on whether it will be possible for Labor to make up the remaining ground with a only a week to go.

Recent polls give the coalition a lead of around 5 percentage points. ■ Bethan Hutton adds from Sydney: Australia's private capital expenditure increased by 1 per cent in the December quarter, according to data released yesterday, down on below the market's expectation of a 1.5 per cent rise.

Expenditure continued to shift towards building and away from plant and equipment. Total expenditure grew to a seasonally adjusted \$88.38bn in the December quarter from \$88.28bn in the previous quarter. Spending on building and structures jumped 21 per cent, but investment in plant and machinery dropped 7.2 per cent.

Business estimates of total capital expenditure for the 1995-96 financial year increased 3.3 per cent to \$87.46bn from September's estimate, but forecasts for 1996-97 declined.

Business estimates of total capital expenditure for the 1995-96 financial year increased 3.3 per cent to \$87.46bn from September's estimate, but forecasts for 1996-97 declined.

Candidates fail to inspire Delaware voters

The state's larger verdict will be none of the candidates deserves to be president, says Patti Waldmeir

Pat Buchanan is the only one speaking to the people who go bowling on Thursday nights.

Mr Pierre S. du Pont IV, former governor of Delaware and an heir of Eleuthère du Pont's industrial empire, was reflecting on today's presidential primary election in this most obscure of states.

But among Thursday bowlers at Doverama lanes, cavernous shrine to one of America's favourite social sports, it soon became clear that Governor "Pete" du Pont was not quite right.

Doverama's bowlers are mostly working class Republicans, fitters and welders, housewives, employees at the local airbase.

Even their cigarette consumption patterns set them apart from what is known as du Pont "chateau country" to the north.

They smoke unfiltered Camels, filling the lanes with a scent which is almost a historical curiosity in 1996 America: the politically incorrect smell of smoke.

But the bowlers did not fit Governor du Pont's stereotype. An unscientific, oral poll of most of the 100-odd league bowlers revealed that hardly anyone planned to vote and many did not even know about the primary - the first in Delaware history.

Those who did know about the vote would have chosen retired General Colin Powell, President Bill Clinton and former President John Kennedy. Two are from the wrong party, one is dead, and the other is not on the ballot.



Republican hopefuls (from left) Lamar Alexander, Pat Buchanan, Bob Dornan and Steve Forbes in Phoenix, Arizona recently. Delaware votes today but Arizona's primary is not until Tuesday

Whoever wins the Republican primary (and 12 delegates to the party nominating convention), Delaware's larger verdict will be that none of the eight candidates deserves to be president.

Those who do vote will probably deliver victory to Senator

Bob Dole, Senate majority leader; possibly to Mr Pat Buchanan, conservative commentator; or just conceivably to Mr Steve Forbes, millionaire publisher, the only mainstream candidate to have campaigned heavily here. But the most interesting figure may be the

turnout, probably 20 per cent or less of 139,000 registered Republicans. Bowling in lane 21, Mrs Edie Crank, an Air Force widow, lamented this fact.

"When I was growing up, every mother wanted her son to be president. But now I wouldn't want my sons to be in politics for anything."

At the far end of the lanes, where a knot of young bowlers stood drinking and smoking between turns, that sentiment was even stronger. None of the youngsters had anything printable to say about the men who would be president.

But there is more to Delaware than Doverama. The state is divided, in terms of wealth, accent and attitude, by the grand expanse of the Chesapeake and Delaware canal.

To the north is chateau country, with its gentry, its smokestack and service industries (because of liberal incorporation and banking laws, many of the largest US corporations are incorporated in Delaware).

To the south is Dixie, land of drawing accents and rural white poverty. Doverama is "south of the canal".

North of the water, also on Thursday, Republicans got together for a very different social ritual: a Rotary club luncheon in Wilmington, the busi-

ness capital. The venue was the grand hall of the 1911 Hotel du Pont, which the official hotel history describes as being "typical of the Louis XVI period". Just the thing for chateau country.

The guest speaker was Mr Forbes, one of only two candidates to visit the state. All the rest, apart from black conser-

Those who did know about the vote would have chosen Colin Powell, Bill Clinton and John Kennedy

vative Alan Keyes, agreed to shun Delaware after it scheduled its primary too soon after that of New Hampshire; but all appear on the ballot.

The applause was polite, but everyone lamented the poverty of choice. Robert Brandt, a retired Du Pont executive, spoke for many.

"I'm a registered Republican. And though my ancestors would roll over in their graves, I might vote for Clinton. The Republicans just don't have a viable candidate."

Buchanan's comeback, Page 8.

Murdoch's Super League plans kicked into touch

By Nikki Tait in Melbourne and Ian Hamilton Fozzy in Manchester

Plans by Mr Rupert Murdoch's News Corporation to set up a rebel rugby Super League were dealt a blow in the Australian courts yesterday.

A judge ruled that previous "loyalty" agreements between Australia's 20 league clubs and the Australian Rugby Union did not breach the Trade Practices Act. The court also found that News Corp's representatives had dishonestly induced players to breach existing contracts and join its new breakaway league.

The ruling is a big boost for the ARL and its efforts to keep control of the game.

Mr Ken Cowley, News Corp's managing director, conceded the ruling was "a setback" and said he was disappointed with the decision.

The battle started almost six months ago when the media group started luring top players and clubs from the existing ARL competition. Subsequently it also won support from both New Zealand and UK organisations for its new league.

Mr Maurice Lindsay, chief executive of the UK's Leeds-based Rugby Football League, said the Australian judgment would not affect the new European Super League, in which News Corp is also closely involved.

He said Mr Cowley had assured him after the ruling that "their commitment to the rest of the world is unshakable. The European Super League will therefore kick off as planned at the end of next month".

Creating European and Australian super leagues is the central plank of News Corp's plans for the game.

In Europe, the most profound change this has caused so far is to switch the playing of rugby league from winter to summer, with the European season beginning at the end of March to coincide with the Australian and New Zealand rugby league season.

The European Super League will be made up of leading British clubs, plus Paris-St Germain from France, while its southern hemisphere counterpart will be mainly Australian, plus Auckland Warriors from New Zealand.

Mr Cowley, who said News Corp had acted in good faith, went on to claim that "in the sweep of the history of rugby league, this will be viewed as a temporary, albeit painful, reversal". That is likely to be decided next week, however, when News Corp and the ARL will return to the Federal

Court in Sydney for further hearings over what compensation or injunctions the ARL is seeking.

The timing of News Corp's Super League move appeared to be closely linked to the introduction of pay television in Australia.

Channel Nine, the leading TV network controlled by Mr Kerry Packer, holds the regular TV rights to rugby league, which is hugely popular in New South Wales and Queensland, while Optus Vision holds pay-TV rights to the ARL.

By setting up its own breakaway league, News Corp would have secured an attractive package to offer rugby enthusiasts on the Foxtel cable service.

As a result of the ruling, the ARL said, players contracted beyond the end of the 1995 season would still be bound to the league.



Murdoch: ruling against him boosts Australian Rugby League's control

INTERNATIONAL NEWS DIGEST

US compensates Iranian families

The US has agreed with Iran to pay up to \$300,000 to families of each of the Iranian passengers of an Iran Air airliner shot down by a US warship in 1988, the State Department announced.

The department said that in a settlement totalling \$131.5m, the two deeply hostile countries also resolved a series of banking disputes stemming from the American hostage crisis in Tehran, which ended in 1981.

The department's spokesman, Mr Nicholas Burns, said that under the settlement, Iranian claims against the US filed before the Hague-based International Court of Justice and an Iran-US claims tribunal were dismissed.

The Iran Air Airbus, flying from the Iranian port of Bandar Abbas to Dubai, was shot down in the Gulf on July 3 1988, by the USS Vincennes, whose crew believed they were being attacked. The Iran-Iraq war was raging at the time. All the 290 people aboard the aircraft, 263 of whom were Iranian, died.

The State Department said that, in line with an offer of voluntary payment made at the time by then-President Ronald Reagan, \$300,000 would be paid for each wage-earning victim and \$150,000 for each non-wage-earning victim. Reuters, Washington

Cuba foils student protest

Plans by a coalition of Cuban dissident groups to hold a public meeting in Havana this weekend have been disrupted by the detention and intimidation by state security police of many of the would-be participants. The campaign of arrests and harassment reported by dissidents over the last week appeared to be aimed at preventing a meeting, scheduled for today, by Concilio Cubano, an alliance of Cuba's small and fragmented dissident groups. The Cuban government declined to give any details of police operations. "This is an issue of internal order and that is how it is being treated," a foreign ministry spokeswoman said.

She accused the US government of supporting and financing the dissident movement inside Cuba.

The European Union has urged President Fidel Castro (above) to consider political reforms to Cuba's communist system as part of planned talks for a future co-operation accord between Europe and Cuba. PASCAL FLETCHER, HAVANA

HK groups join for port project

Some of Hong Kong's largest business groups have joined forces to bid for a new river trade port terminal at Tuen Mun, to the west of Hong Kong.

The consortium making the bid will be led by Sun Hung Kai, the property developer, which is diversifying its activities, and Hutchison International Port Holdings, a wholly-owned subsidiary of Hutchison Whampoa, which controls the group's ports and services activities. Other partners are Jardine Matheson and Cosco Pacific, part of China's Cosco group and one of the world's largest container leasing companies.

The companies declined to comment on the financial terms of the bid, which marks the latest step in the expansion of ports in the region. Trade volumes have been growing at annual rates in excess of 10 per cent over recent years as a result of economic expansion in southern China and the Pearl River delta.

■ Hong Kong's consumer price index rose by 5.9 per cent in January, the lowest rate since September 1987, according to government figures yesterday. John Ridding, Hong Kong

WEEKEND BUSINESS	
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Frontrunner I, Sicav

872, Rue de Nord, L-2220 Pétit-Clairfontaine, Luxembourg

Notice of Meeting

Shareholders of Frontrunner I, Sicav, are hereby invited to attend the Annual General Meeting, which will be held in English on March 15, 1996 at 10.00 a.m. at the registered office, with the following Agenda:

1. Submission of the reports of the Board of Directors and of the Audited Independent Auditor.
 2. Approval of the balance sheet and the profit and loss statement as at December 31, 1995.
 3. Discharge to the Directors and the Audited Independent Auditor in respect of the carrying out of their duties during the fiscal year ended December 31, 1995.
 4. Election of the Directors and the Audited Independent Auditor.
 5. Miscellaneous.
- The shareholders are advised that no quorum for the issue of the agenda is required and that the decisions will be taken at the majority of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.
- Shareholders wishing to attend the Meeting are requested to notify Frontrunner Management Company S.A. or their Account Manager in Luxembourg S.A. by March 10, 1996 at the latest.
- By order of the Board of Directors,
Frontrunner Management Company S.A.
872, Rue de Nord
L-2220 Pétit-Clairfontaine
Telephone: +352 43 98 75 57
Telex: +352 43 39 40

NEWS: UK

Prime minister rejects military role for EU

By Bruce Clark,
Diplomatic Correspondent

Mr John Major, the prime minister, yesterday rejected the idea of giving the European Union a role in defence matters, and put forward a modest agenda for European-only military missions. He also dismissed the suggestion that Europeans could shoulder the burden of peacekeeping in Bosnia alone if the US stuck by its plan to withdraw its own contingent at the end of the year.

"I don't think the concept of the Americans leaving unilaterally is acceptable," he told the parliamentary assembly of the Western European Union in London. In a backhanded admission that western nations may not succeed in their aim of stabilising Bosnia within a year, he suggested that Europeans and Americans might need to sit down together to consider future options in Bosnia. "If the work isn't done, then we will have to examine what is needed so the

work can be done," he said in reference to the peacekeeping effort in former Yugoslavia. Laying out Britain's agenda for the inter-governmental conference on the future of the European Union, he rejected the idea of endowing the EU with a military dimension by merging it gradually with the WEU. Both France and Germany have suggested such a merger as a medium-term aim, arguing that it would fulfil the Maastricht Treaty's aim of developing a "common

[European] defence policy which might lead to a common defence". But Mr Major reaffirmed Britain's previous objections to the militarisation of the EU. He also added a new emphasis by saying it could complicate the eastward enlargement of the Union, by alienating Russia. "Giving the EU military responsibilities for which it is not equipped would impede the task of extending stability and prosperity to the east," he said. A militarised EU would "add a new obstacle to central

European accession and unnecessarily provoke Russian fears," he added. Russia opposes the expansion of Nato - which it sees as a mainly military organisation - but it has not objected to the enlargement of either the EU or the WEU, so long as neither acquires real teeth in defence matters. Mr Major said Britain, as current holder of the WEU presidency, stood by its pledge to upgrade the organisation's capacity to manage military missions - but only

"smaller-scale operations" such as humanitarian emergencies. He confirmed Britain's switch to a more positive line on the creation of a European armaments agency as long as it did not become a bastion of protectionism. He said Britain saw "obvious benefit" in this proposal, but it still wanted the right to purchase weapons from the US or elsewhere if they offered better value.

Lex, Page 22

California cases may delay flow of cash from Names

By Ralph Atkins,
Insurance Correspondent

California's securities regulator launched a series of actions against the Lloyd's of London insurance market and its leaders, threatening to disrupt the collection of significant sums sought from Names in the state.

The attempted move against Lloyd's and more than 100 institutions and individuals involved with it intensified action taken by securities regulators across the US. The regulators have been prompted by loss-making Names - individuals whose assets have traditionally supported Lloyd's. Those referred to personally in the Californian action include Mr David Rowland, Lloyd's chairman; Mr Ron Sandier, chief executive; and Mr Peter Middleton, former chief executive. Mr Sandier is currently in the US talking to securities regulators. Lloyd's described as "outrageous" suggestions that up to \$500m might be withheld as a result of California's action. But if Lloyd's were prevented from collecting significant sums from US Names its overall recovery plans would face a

further challenge. That might fuel resentment from UK Names prepared to accept an out-of-court settlement offer worth \$2.8bn (\$4.3bn).

The California Department of Corporations alleges that Lloyd's mis-sold investment in the market and failed to warn potential Names of the risks involved, including those from pollution and asbestos-related claims. The department said that as early as 1970 Lloyd's knew its syndicates could be exposed to massive liabilities. The department is seeking an order next Wednesday preventing Lloyd's from drawing down on letters of credit. The department said that Lloyd's had collected \$100m and wanted to collect \$400m more. The department wants to freeze \$100m held in trust in the US on Lloyd's behalf to support underwriting there. California also wants to ban Lloyd's recruiting in the state and impose fines of up to \$10m. Lloyd's said it had a firm defence against the allegations. It said Names were no longer recruited in the US. It would co-operate with the US authorities but a negotiated settlement with loss-making Names remained its aim.

US Names have prompted similar actions by securities regulators in Illinois, Ohio, Arizona and Colorado with others are expected to follow.

Inward investment Site decision is partly a response to Siemens move Birmingham aims to boost share

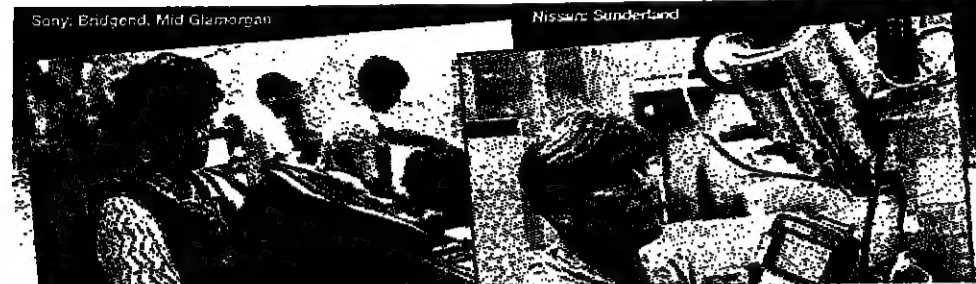
By Richard Wolfe
In Birmingham

The battle among Britain's regions for investment from other countries intensified as Birmingham, the country's second-largest city, earmarked a 140ha site for development to compete with its northern rivals.

Birmingham council said the greenfield site, which could accommodate two or three big projects by the end of this year, would help to solve what it called "the desperate shortage" of suitable land. The council's proposal is partly a response to Siemens' decision last year to locate its £1.1bn (\$1.7bn) semiconductor plant in north-east England. In spite of its success in attracting smaller investments, the west Midlands area which includes Birmingham has failed to win big projects because of its lack of land in government-assisted areas.

Mr Nigel Pearson, Birmingham's assistant director of development, said: "When we consider major international projects which require a large area of land, we have been unable in recent times to provide the sites in the west Midlands."

"We are talking about a very small number of major projects, and the result has been that the investment goes to the north-east, Scotland and even mainland Europe. Unless we can bring forward sites of both quality and scale, we are not



Overseas investment in the north of England*				
*North West England & Cumbria				
YEAR	PROJECTS	TOTAL JOBS	INVESTMENT (£M)	
1985	25	4,139	96.530	
1986	28	4,934	338.435	
1987	26	3,641	303.382	
1988	30	3,382	66.610	
1989	45	5,787	526.035	
1990	51	4,323	418.283	
1991	49	4,897	677.408	
1992	39	5,497	548.850	
1993	43	5,500	147.052	
1994	56	11,904	1,006.170	
1995	57	8,608	3,018.12	
Total	451	62,610	7,174.873	

Source: Northern Development Company

Inward investment projects in Wales	
APRIL 1995 TO JANUARY 31, 1996	
New projects	17
Expansions	34
Acquisitions	6
Total	57
Jobs created	2,977
Jobs safeguarded	4,480
Capital investment	£531m

The figures exclude those projects in which the Welsh Development Agency had no involvement

Leeson's wife seeks job with Branson airline



Mrs Lisa Leeson has applied for a job as a stewardess with Virgin Airways. One of the perks of the job would be free flights to destinations served by the airline. That would make it easier for Mrs Leeson to visit her husband Nick Leeson, the former derivatives trader who is now serving a 6½-year sentence in a Singapore jail for "cheating". The airline is hiring 400 staff to add new routes to the Far East and north America, and Mrs Leeson is one of the applicants. "Hopefully she'll be on board soon," said Mr Richard Branson, Virgin chief executive. Mrs Leeson was in London yesterday to promote her husband's account of his life and the collapse of Barings. The book was ghosted by Edward Whitley, a journalist and former merchant banker who is now working with Mr Branson on the entrepreneur's autobiography. With Mr Whitley as a referee, Mrs Leeson wrote to Mr Branson and was invited round for a chat. Her final interview will be next week.

Nicholas Denton, Financial Services Staff

EU tax allowance rule adopted

The government fended off a potential clash with the European Court over fiscal policy by extending personal tax allowances to European Union nationals working in Britain. The announcement angered several Eurosceptic MPs in the governing Conservative party. From April, citizens from the 15 EU member states plus Norway who are non-resident in the UK will be entitled to the same tax rights as those from the Republic of Ireland and the Commonwealth. The UK Treasury confirmed that this would cost £10m (\$15.6m) in the 1996-97 fiscal year and £20m in subsequent years. "The government felt it was sensible to bring this up to date within the single market and to get rid of anomalies," a Treasury official said. But the opposition Labour party claimed that the decision was directly linked to two recent judgments by the European Court of Justice, ruling against fiscal "discrimination" against non-nationals in EU states. By including the Republic of Ireland and not other EU countries, the British government risked being accused of giving Ireland an unfair advantage.

John Knapman, Westminster

Music star clashes with RCA

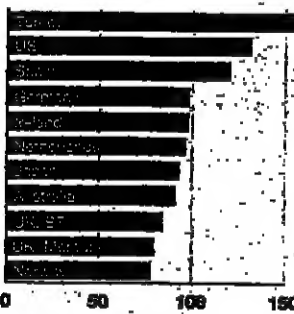
Robbie Williams, the teen idol who left Take That last summer, is blocking the release of the band's *Greatest Hits* album and is going ahead with plans to take RCA, its record label, to court on Monday in an attempt to sever his contract. Senior executives of RCA, part of Bertelsmann, the German media group, spent most of yesterday locked in talks with Williams and his advisers trying to persuade him to stay with the company and prevent the case from going to court. The talks failed and the two camps will meet in court on Monday for what promises to be the most controversial legal action in the UK music industry since George Michael unsuccessfully sued Sony Music in 1993. Robbie Williams is challenging the "leaving member clause" in Take That's record deal, which stipulates that anyone leaving the band remains under contract to RCA. He claims that the clause, which is common in the music business, is a restraint of trade. Holly Johnson, former lead singer of Frankie Goes To Hollywood, successfully challenged a similar clause in his contract with ZTT in 1988. Other provisions in his contract were different. The contracts of the other four members of Take That, which last week announced it was splitting up after a highly successful career, also contain "leaving member clauses". RCA is anxious to enforce the clause with Robbie Williams in order to prevent the other four auctioning themselves off to rival companies. A number of other record labels, notably EMI and Virgin, both subsidiaries of the Thorn EMI leisure group, have held talks with Robbie Williams.

Alice Roushorne, Consumer Industries Staff
Out of Time, Page 9; Lex, Page 22

Telenor beats Mercury

Telephone costs

As a % of OECD average ex VAT



Source: OECD

The UK's Mercury Communications has for the second year running been edged out by the Norwegian telecommunications operator Telenor for the title of cheapest international operator in the OECD countries. Telenor says automation is the secret of its success. The chart shows the relative costs of calls abroad for a defined basket of international business calls over the public telephone network. British Telecommunications is fifth cheapest while, surprisingly, the US is close to the top of a list, headed by Turkey and Mexico. Liberalisation and privatisation have transformed the market. Countries whose carriers are cheaper now will be better prepared for global competition, which will depress prices.

Alan Cane, Industrial Staff

Channel tunnel hits ferry trade

The number of ferries from Dover in south-east England to Calais in France will almost certainly have to be cut this year, says Mr Jonathan Sloggett, managing director of the Dover Harbour Board. He says the ferries are running at an unsustainable number of crossings, because trains taking the Channel tunnel are increasing their market share. P&O Ferries, the biggest operator, is running five ships. Stena Sealink is operating four vessels plus a Seacat "superferry". Sea France, the French operator, runs three ships. *Stewart Dalby, London*

Nissan prompted north-east revival

By Chris Tighe
In Newcastle upon Tyne

North-east England's automotive industry this month notched up its latest investment project, a £24.3m (\$37.4m) airbag inflator plant to be developed by American-owned TRW in Peterlee, County Durham.

The region's staple industries in the early 1980s included shipbuilding and coal mining. Talk of an automotive sector would have been inconceivable. Shipbuilding has vanished and deep mining has shrunk to just one pit. But automotive activity is a dynamic and influential element of the regional economy.

The trigger for this development was the choice in 1984 by Nissan, the Japanese car-maker, of a site on the edge of Sunderland, Tyne and Wear, for its new European plant.

The selection of Sunderland was a boost for the region at a time of traumatic structural change. It was also an endorsement of the principle - since used to good effect in pursuing inward investment from overseas - of setting aside ideological and parochial differences. Nissan's decision, further bolstered by the subsequent choice of the north-east as an investment base by Fujitsu, Samsung and Siemens, has also been a powerful marketing tool for the region.

"It's been a catalyst for a lot which has happened since 1984," says Mrs Jo Chexal, director of international mar-

The county of Cumbria in north-west England has been a frustrated onlooker while north-east England has welcomed a stream of inward investors from outside Britain in the past decade. Chris Tighe writes. Cumbria county council has decided that the area needs its own inward investment agency. The new body is to have an annual budget of about £1m (\$1.5m) from public and private sector sources. The target date for its creation is July.

Mr John Burnet, county council chief executive, expects smaller district councils to vote on the proposal in the next couple of months. The other leading groups involved are British Nuclear Fuels and VSEL (the shipbuilding group), which support the move, and the West Cumbria and Furness Enterprise development

agencies. "By all of us coming together we can get a far bigger budget than in the component parts and more staff geared to the specific project," Mr Burnet said. "By having this organisation we can be far more effective in how we handle the incentives." The concept requires all parties to abandon parochialism and accept that they cannot fight for every potential investment to come to their local "patch", Mr Burnet said.

The new agency would subsume the work of the Cumbria Marketing Initiative, a public-private sector body. The CMI has been trying for three years with modest success to attract companies by promoting the message that the county is not just a tourist attraction but a high-quality manufacturing location.

Suppliers are benefiting too. In 1985 Nissan spent £745m with 201 European suppliers. Of these, 25 were in the north-east. Nissan's spend with them was £218m. Some, such as Elita Plastics and Talent Engineering, were already well-established companies in the region, but most of the 25 have moved in since the mid 80s. Some invested even before clinching work from Nissan.

This, Mrs Chexal believes, was because they saw in the region a location which, lacking an automotive tradition, did not have "preconceived notions".

Nissan's expanding plant has brought a spin-off for the region's construction sector and £3m a year of business for catering, security, workwear, cleaning and maintenance companies. Many first-tier suppliers are within a few kilometres of the plant. Of Sunderland's 15 biggest employers, five are auto-

motive sector manufacturers. The automotive sector employs at least 9,000 people in the Sunderland area. Mr Ian Gibson, chief executive of Nissan Motor Manufacturing (UK), estimates the regional figure at more than 15,000. He forecasts that by 2000 the sector will grow to employ about 25,000 people, mainly through expansion by suppliers. Automotive suppliers worldwide are under fierce pressure to improve quality standards and cut costs. But Ms Janet Smith, Sunderland city council's economic development team leader, believes that the north-east's recent automotive investments are likely to be winners as lesser performers are squeezed. "They are ahead of the game," she says. In future people will see the arrival of Nissan as a "great pivotal step" in the transformation of north-east England, says Mr Gibson.

Security fears prompt clawback of 'peace' cash

By James Harding
at Westminster

The British government's Northern Ireland Office will recall £180m (\$231m) that was to be made available in the next three years to fund health, education and environment projects in the region. The move is in response to concern after the London bombings about the prospect of a return of town-centre bombing in Northern Ireland, with a resulting need to spend much more on security.

The decision signals fears in the Northern Ireland Office of a worsening campaign of terrorist violence in spite of continued government efforts to revive the peace process. Sir Hugh Annesley, the Northern Ireland police chief, met senior officers yesterday to assess the threat of a renewed Irish Republican Army campaign in Northern Ireland and to confirm the need for military support.

The Corporation of London, the municipal authority for the City, plans to enlarge the scope of its protective "ring" around the City as part of an attempt to pre-empt any heightening of the Irish Republican Army's terrorist campaign in mainland Britain, Jimmy Burns writes.

Corporation officials are urgently consulting businesses, police and neighbouring local authorities on a

scheme that would include two additional checkpoints, encompassing Ludgate Hill and the whole of Broadgate, a setting for numerous new office developments.

A draft proposal for the scheme by the corporation's engineers says that the low cost - £1m (\$1.5m) - would provide extra security without provoking excessive traffic congestion. Mr Michael Cassidy, chairman of the

corporation's policy and resources committee, said yesterday that the move was aimed primarily at overcoming any lingering complacency among businesses and the public about the IRA.

"Businesses need to be made aware that the latest IRA campaign is not a one-off but could be developing into something more brutal and longer-term," Mr Cassidy said.

Street was thought to be a bomb. The green hold-all turned out to contain sports kit, but the arrival of scores of police officers and a number of ambulances reinforced a sense of heightened government fears about another weekend of IRA violence.

Officials of the British and Irish governments will spend the weekend trying to set up a summit between Mr John Major and Mr John Bruton at which the two prime ministers hope

to announce a date for all-party talks on Northern Ireland and the basis for elections. Aides of Mr Major said he hoped the meeting would take place by Wednesday if agreement could be reached on ways of pushing the peace process forward.

However, the security services fear that even if there is significant progress in pushing forward the peace process, the IRA's bombing campaign is likely to continue for at least a year, with the terrorists focussing their operations on London.

On a day of intense political contacts involving the two governments and the parties, President Bill Clinton telephoned both Mr Major and Mr Bruton. Mr Anthony Lake, the White House national security adviser, said the question of a renewed US visa for Mr Gerry Adams, president of Sinn Féin, the political wing of the IRA, was not raised in the telephone conversations.

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مكتبة النور

Strong turnaround in profits from trading offset by weak lending

UBS edges ahead 3.8% in year

By Ian Rodger in Zurich

Union Bank of Switzerland, the country's largest bank, achieved only a 3.8 per cent rise in net income last year to SF1.68bn (\$1.4bn), as weak results from lending and commission businesses offset a strong recovery in profits from trading.

Mr Robert Studer, outgoing chief executive, conceded that the 7.5 per cent return on equity was "not satisfactory", and forecast the bank would only see significantly higher earnings from the troubled domestic lending side "over the medium term".

The results, which were also

affected by accounting changes, were at the lower end of investors' expectations but the bank's shares rose SF4 to SF1.333 in a strongly rising Zurich market. "It remains a pretty expensive stock if they continue to manage the bank the way they are now," Mr Ian McEwen of brokers Merrill Lynch in London said.

UBS has been criticised for having high operating costs and excessive equity capital. Shareholders' equity stood at SF23.9bn at the end of December, and the group's BIS capital ratio reached 11.8 per cent, of which 9.7 per cent was tier one capital.

Mr Studer said "fundamental

changes" were being made to the bank's lending policy and he expected further reductions in domestic retail branches and staffing.

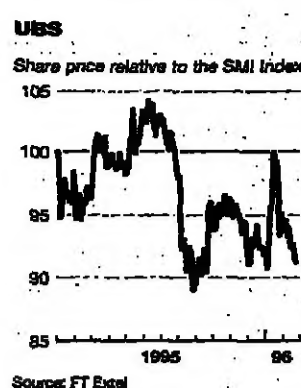
Mr Studer, who will be succeeded next Friday by Mr Matthias Caballavetta as chief executive, has been nominated to become the bank's chairman at the annual meeting in April. However, Mr Martin Ebner, chairman of the BK Vision investment fund, the bank's largest shareholder, has indicated he may try to win enough shareholder support to block his election.

Net interest income fell 7.2 per cent to SF3.45bn. Mr Studer said this "disappointing

performance was due to a high level of interest arrears, lower income from investing the group's own equity and the costs of converting fixed rate mortgages to floating rate.

Net commission income was down 1.2 per cent to SF3.99bn, as a margin squeeze in the increasingly competitive asset management business offset doubled profits from underwriting and corporate finance. Income from trading soared 55 per cent to SF1.73bn.

Total operating income rose 7.5 per cent to SF9.83bn. Operating expenses rose 9.3 per cent to SF8.15bn, reflecting greater performance-related pay and the build-up of corporate



finance staff in the US. That left operating profit up 4.6 per cent to SF3.78bn. However, the weak Swiss economy and property price slump forced the group to raise its depreciation and provision charges by 21 per cent to SF1.59bn, prompting a 7.8 per cent fall in pre-tax profits to SF1.59bn.

French Connection sees sharp profit contraction

By Motoko Rich

Shares in French Connection plunged 41p to 145p yesterday after the clothing company warned that pre-tax profits had more than halved in the year to January 31, reflecting difficult trading conditions, particularly in the US.

Nonetheless the group, which owns both the French Connection and Nicole Farhi names, said it would pay its first dividend - of 2p - since the 1990-91 year.

In a trading statement ahead of its results, which will be announced in April, the group said that although profits in the second half were up on the depressed £1.28m (£3.07m) reported halfway, the full year outcome was likely to drop to £2.4m (£6.9m).

Weak US sales have continued into the second half.

Mr Nicholas Mather, finance director, said: "I

think we are just suffering in line with lots of other people in the retail market. It is very competitive in the US."

He said the wholesale division was hit particularly hard.

In the UK and Europe, the group had not received repeat orders for its wholesale stock. Mr Mather added that while December sales had been fairly strong, "January was a little bit disappointing".

However, he said there had been no stock problems as discounting during the winter sales had helped the group clear its inventory.

"There is no hangover into the new year."

Summer collections produced by both the French Connection and Nicole Farhi labels had been "well received", but the group said it was too early to comment on trading in the current year. Mr Mather added that the long-term strategy was intact and that the group was cash positive.

Alumax rejects takeover move by Kaiser Aluminum

By Richard Tomkins in New York

A merger of two of the biggest US aluminum producers yesterday looked in doubt after Alumax firmly rejected an "welcome overture" from its smaller rival Kaiser Aluminum, which valued Alumax at between \$1.8bn and \$2bn.

If the merger went ahead, it would create the world's third biggest aluminum producer. But Kaiser has not made a formal offer and it was unclear yesterday whether it was prepared to become involved in a hostile bid.

Kaiser, with revenues last year of \$2.2bn, makes primary aluminum and finished products, such as soft drink cans and parts for the auto and aerospace industries. Although quoted on the stock market, it is 62 per cent owned by Maxxam, a quoted company controlled by Mr Charles Hurwitz, a US financier.

Alumax is another big producer of aluminum ingots and billets, and also makes finished products for the building and construction, transport and packaging industries. It had revenues last year of \$1.93bn.

Kaiser's tilt at Alumax is intended to put the company under shareholder pressure to get involved in bid talks. It resembles the recent approach by Mattel for the rival toy company Hasbro, which ultimately fizzled out.

Kaiser said it was ready to offer between \$40 and \$45 for each of Alumax's common shares, made up of \$30 in cash and the rest in Kaiser stock. Alumax's stock jumped 18 per cent in early trading yesterday, gaining 55¢ to \$38.

Kaiser said a merger of the two companies would create a larger, more competitive group "with leadership positions in every stage of production". It would offer a full range of alumina, aluminum, semi-fabricated and finished products to a diverse customer base around the world.

However, Alumax revealed it had taken a close look at the possibility of acquiring Kaiser 18 months ago, but decided to back off.

"The deal didn't make sense. We didn't see sufficient synergies. We did see major problems," said Mr Allen Bora, Alumax's chairman and chief executive.

Rogerson's drive to the top is put to the test

There is a saying that if the chief executive's golf handicap is less than 10, it's time to sell the shares. Yet even with a handicap of 10, Mr Philip Rogerson, the former British Gas finance director, is still hot favourite to run BG's pipeline business, TransCo International, when it is demerged next year.

Mr Rogerson's talent for golf should not come as a great surprise. Golf, so it is said, takes a steady hand, a methodical approach and a keen eye for the long view. Acknowledged as one of the brightest graduates of ICI's finance division in the run-up to demerger, he has all of these traits, according to colleagues.

It is perhaps more surprising that he should be rumoured as the most likely candidate for what is perceived by some as the plum job in a demerged British Gas, TransCo International - which will comprise the UK pipeline and BG's international businesses - is expected to overwhelm its other half, British Gas Energy.

A tall, cerebral man, Mr Rogerson has been accused of being aloof and frustratingly secretive, characteristics unhelpful to those expecting to follow such a large company. As one of the first outsiders appointed to the BG board, many had expected him to shake up the company's secretive culture. Instead, "he went



Philip Rogerson: lack of pretension stands him in good stead

native" in the words of one analyst. "I find him incredibly hard to get anything out of," said another. "He is a highly political animal who plays his cards close to his chest."

Nor do critics - or even his fans, for that matter - describe him as dynamic, although all

acknowledges him as quietly personable. "If you asked me would he set the world on fire, I would have to say probably not," said one corporate financier who has known and liked Mr Rogerson since his days at ICI. "He is not out there generating lots of his own ideas - he

Peggy Hollinger profiles the man tipped to head TransCo International in British Gas's demerger

is not a marketer. His approach would be more 'let's test the ideas we have been given'."

On the other hand, his addition to golf perhaps gives some clue to the ambition which burns behind an intensely private and unflashy facade. "He is very competitive and gets annoyed when he loses," says Mr Trevor Harrison who worked with him at ICI and is often haggard into a round of golf. His main aim on the golf course now, according to friends, is to beat his 21-year-old son, Simon, whose handicap, to his intense frustration, is two strokes better than his own.

Colleagues say that although he might be accused of lacking flair, his ability to tackle complex issues and his methodical approach make him particularly suited to running what will, in effect, be a straightforward utility business. "He is very solid, a safe pair of hands," says one banker who has worked closely with him.

He is also particularly skilled at remaining detached from day to day problems.

Ms Prue Leith, the caterer and a fellow director with Mr Rogerson on the Halifax Building Society board, says that his

comments, although not frequent, were crucial to getting through recent difficult times. "He always managed to keep carefully in balance what really mattered," she says.

As the potential head of a heavily regulated business, where frank negotiations with

His addiction to golf perhaps gives some clue to the ambition which burns behind an intensely private and unflashy facade

OGas will be crucial to its success, Mr Rogerson's lack of pretension should also stand him in good stead. "There are no airs and graces about him," one banker says.

Perhaps this fact has been one of the key reasons for moving him from the post of finance director in 1994 to nurse TransCo through its latest annual price review. He is also in charge of BG's east Asian interests, a job which until the shape of the proposed demerger became known appeared to sit oddly with the TransCo responsibilities. Now

that BG has decided that its exploration and production interests should run beside the pipeline division, with the controversial long-term gas contracts and domestic businesses transferred to British Gas Energy, Mr Rogerson's responsibilities begin to assume a more logical shape.

It is clear that he has a head-start in applying for the job of leading TransCo International. Not only has he been chairman for the past 21 months, but he was also a key player in setting out ICI's exploration and production strategy in the late 1980s. When, in 1987, ICI injected its E&P assets into Enterprise Oil in return for a substantial stake, he was one of the two chosen to sit on the explorer's board.

The question must be, however, for what role would he be best suited? Observers speculate his skills would be far better used in the post of executive chairman than of chief executive, where a certain flair might be required to lead on a day to day basis. One associate said he "wouldn't see the troops charging over the hill" to follow his lead. "But he is open to new ideas and is very meticulous and very thorough."

KLM acts to bolster Northwest links

By Donald van de Krol in Amsterdam

The president of KLM Royal Dutch Airlines and two fellow senior executives yesterday stepped down from the board of Northwest Airlines, the Dutch airline's US partner, to make way for more independent directors.

The move is designed to ensure that the two airlines' successful commercial partnership is not harmed by a separate legal dispute between Dutch and US shareholders in Northwest.

KLM has always said the dispute was between the shareholders and not between the airlines themselves. The three new KLM-designated directors, who have yet to be named, will replace Mr Pieter Bouw, KLM president; Mr Rob Abrahams, finance director; and Mr Leo van Wijk, KLM's managing director.

"KLM has advised Northwest that it will designate three persons not affiliated with KLM or any other current Northwest

stockholder to serve on Northwest's board," Northwest said. "KLM is primarily making this change as a step in enhancing the independence of Northwest's board."

The Dutch airline, embroiled in a legal dispute over a "poison pill" mechanism at Northwest, said the move was designed to reinforce the commercial partnership between the two airlines.

Since the late 1980s KLM and Northwest have worked closely to channel passengers on to each other's flights. Many KLM and Northwest flights between Amsterdam and the US are operated as joint services.

In November, Northwest decided to introduce limits to share ownership. In effect, these will prevent KLM from exercising an option to lift its Northwest stake from 19 per cent to 25 per cent later in the 1990s. Northwest said KLM was trying to gain control but the Dutch airline denied this, saying it merely wanted to hold on to rights granted in the past.

Quadramatic buys CAL for £10.2m

By Simon Kuper

Quadramatic, the specialist engineering group, is buying Controls and Automation, a maker of temperature controllers for industry, for up to £10.2m.

CAL is 88 per cent owned by Mr Mike Tait, its chairman and founder, who will make up to £8.9m from the sale. His wife, Angela, is a director of the company. Mr Tait will be available to Quadramatic on a consultancy basis, while CAL's management will stay with the business.

CAL will become part of Quadramatic's Instruments division, which makes products mainly for measuring and calibrating heat. The division contributed a third of the group's £10.8m operating profits in the year to September, and £14.7m of its £46m sales.

Mr Glenn Powers, finance director, said the purchase completed an expansion phase for Quadramatic. The group has spent more than £30m on acquisitions since October

1993. In the next 18 months it would only consider buying companies costing up to £3m.

"This is the last piece in the jigsaw," said Mr James Baker, an analyst at Granville Davies, brokers to Quadramatic.

Quadramatic will pay £2.55m cash and £5.65m through a vendor placing by the broker of about 2.7m new shares, priced at 210p, increasing the number of shares by just over 8 per cent. The shares rose 2p to 218p.

Up to £1.75m more will be paid, depending on CAL's profits this year.

The cash element of the initial consideration represents subscriptions paid by the Garland Whalley and Barker Group upon the exercise of its warrants for Quadramatic shares at 133p apiece. GWB's holding in Quadramatic will fall from 21 per cent to 15 per cent, still the largest single stake in the company.

CAL made pre-tax profits of £1.27m on sales of £5.6m in the year to September. More than half its sales were in the US.

Rodime debt restructuring raises Bank of Scotland stake to 49.7%

By James Buxton

Restructuring of Rodime's debt will leave Bank of Scotland owning 49.7 per cent instead of 17 per cent of the disc drive manufacturer.

The restructuring, announced yesterday, is designed to keep the company afloat at least until the conclusion of litigation over patent infringement with Seagate, the US disc drive manufacturer, for which no trial date has yet been set.

Under the restructuring £27.4m (£17.7m) worth of secured borrowings from Bank of Scotland will be converted into zero coupon loan stock, and £4.45m of bank borrowing will be converted into ordinary shares at 7p.

Interest on all of Rodime's debt from September 30 1995 will be waived.

Preference shares will be converted into new ordinary and deferred shares; dividends accruing from September 30 will be waived.

A £5.4m guarantee by a Bank of Scotland subsidiary on a subsidiary of Rodime will be discharged for no consideration.

The restructuring will convert prior charges of £47.2m, including £34.4m of debt, into net liabilities of £27.4m.

£1, the investment capital group, will see its stake fall from 15 per cent to 11 per cent, reflecting the fact that it had a much smaller holding of preference shares than Bank of Scotland.

Verity shows 36% advance

Verity Group, the electronic equipment and musical instruments group, raised interim pre-tax profits 36 per cent from £99,000 to £134,000.

Turnover grew 53 per cent to £23.1m, of which the Premier and Quad acquisitions accounted for £8m.

On a directly comparable basis, excluding the two acquisitions, pre-tax profits for the six months to December 31 improved 56 per cent.

Earnings per share were 0.5p (0.3p) and the interim dividend is 0.05p (nil).

Salomon poaches Merrill broking team

By George Graham, Banking Correspondent

Salomon Brothers has stepped up its efforts to build a large UK equities broking business by poaching a highly rated team of analysts from Merrill Lynch.

Mr Richard Dale, Mr David Forster and Mr Ivor Jones, who are rated by several surveys as the top team of analysts covering the European media industry, will join Salomon when they have worked out their contracts at Merrill.

They will join a Salomon research team which has more than doubled in size in the past 12 months to a total of 37 analysts. The New York-based broker has, however, found it difficult to penetrate the European market.

"We expect further important additions in the coming months," said Mr Albert Richards, Salomon's head of European equity research. Salomon has also expanded its European equity sales and trading staff and hired more staff for equity derivatives and convertibles.

For Merrill Lynch, the team's departure represents part of the fall-out from its takeover last year of brokers Smith New Court.

Senior Merrill officials acknowledged that they had wanted Mr Dale and his colleagues to stay, but said they had always expected a number of Smith New Court analysts to leave shortly after the payment of annual bonuses.

Mr Dale was deputy head of UK research at Smith New Court before the takeover.

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Panel rebukes Lazard over BET takeover

By Tim Burt and Geoff Dyer

The Takeover Panel yesterday criticised Lazard Brothers, the merchant bank, over its handling of last week's announcement of a £1.8bn hostile bid for BET by its client Rentokil, the environmental and industrial services group.

The panel said Lazard failed to keep it fully informed of Rentokil's intentions and should have acted more quickly to prevent a false market in BET's shares.

Lazard and Rentokil declined to comment last night.

The panel launched an investigation last week following a sharp rise in BET's share price ahead of the announcement. The movement is also being scrutinised by the Stock Exchange.

BET's shares rose by more than 15 per cent to 163p last week before Rentokil first announced that it was considering a bid. On Friday last

week, the shares subsequently jumped to 195p after Rentokil announced its hostile offer.

Mr Bill Staple, director general of the panel, said: "Our concern is to alert potential bidders and their advisers to act swiftly when there appears to have been a leak."

He urged Lazard and Rentokil to be more alert to the Takeover Code, which requires bidders to contact the panel if rumours of an offer inflate the share price of the target company - in this case BET.

Institutional shareholders in BET, meanwhile, yesterday urged the two companies to explore an agreed deal. The shareholders said they would raise the matter with BET and Rentokil at meetings with both sides over the next two weeks.

Their move follows BET's rejection on Thursday of a Rentokil approach, in which it floated the idea of acquiring 75 per cent rather than the whole company.



Bill Staple: Potential bidders and advisers should act swiftly when there may have been a leak.

One large BET shareholder said yesterday: "The two companies should sit down and agree a price, rather than engage in a public slanging match. I hope that egos do not stand in the way of pragmatic solutions."

The fund manager was speaking following a day in which more than 12m BET shares changed hands. Some analysts suggested the large volume pointed to heavy dealing by arbitrageurs, who are

gambling on Rentokil raising its offer.

Despite the large turnover, BET shares ended the day up just 3p at 199p. Rentokil's share price, by comparison, rose 8 1/2p to 353p - valuing BET at 198.85p a share.

Some BET investors, meanwhile, voiced concern at fees expected to exceed £100m - being incurred during the stand-off. One fund manager said they were "mounting at such a rate that they will soon

equal the market capitalisation of a decent sized company."

Rentokil is expected to underlie the strategy behind the bid when it publishes its formal offer document next week. Mr Clive Thompson, chief executive, said the document would include additional information on the cash and paper offer. Rentokil has offered nine new shares and 800p cash for every 20 BET shares. There is a cash alternative of 17 1/2p a share.

Mounting costs for ING in sorting out Barings

By Nicholas Denton

Internationale Nederlanden Groep, the Dutch bank which rescued Barings, has spent far more time and money than it expected on the legal tangle left by the UK merchant bank's collapse.

When it took over Barings a year ago, ING set aside £10m to meet the costs of the administrators from Ernst & Young. However, the cost is already more than £10m and ING Barings executives expect the total to exceed £20m by the time the Barings companies have been wound up.

ING and Ernst & Young are also disputing the ownership of assets worth about \$840m (£18.4m) held by Barings Futures Singapore. That was the balance left at the derivatives subsidiary after ING paid off most of the losses which Mr Nick Leeson incurred through his unauthorised trading.

Mr Hessel Lindenbergh, chief

executive of ING Barings, said the Barings businesses had performed well but the resolution of legal issues had been lengthy, costly and frustrating. "We are still trying to come to agreement with the administrators. We thought the situation was clear cut. I think they are trying to get something extra out of the deal."

He was also "quite upset" about the attitude of Abbey National, a former joint venture partner of Barings which has issued writs against ING. The treasury operation of the banking group claims that its derivatives joint venture was ended in a way that resulted in foregone profits. More than \$50m is believed to be in dispute.

ING has already had to make heavy use of Lovell White, its lawyers, in the course of the official inquiries by the Bank of England and the inspectors appointed by the Singapore finance ministry. Its fees are

believed to be substantially more than £1m.

With this week's announcement by the House of Commons Treasury Select Committee that they are to pursue their inquiries into the Barings collapse, ING Barings faces yet further legal costs.

The Dutch bank is also paying for the legal advice being given by Stephenson Harwood to current and former Barings executives who have been subject to investigation for dismissed by the company.

Some of these executives also face legal action from holders of Barings bonds. They lost about £100m and decided this month to pursue individuals and advisers associated with the bond issue.

ING said its legal costs, though mounting, still came within the 5-10 per cent "safety margin" the Dutch bank had ensured when it agreed to inject \$200m into the Barings businesses.

AA Insurance to enter direct underwriting

By Ralph Atkins, Insurance Correspondent

AA Insurance, which sells motor and household policies on behalf of a panel of insurers, is set to trigger fresh upheaval in the personal insurance market by establishing its own "direct" underwriting operation.

The service, available only to the AA

motoring organisation's 8.6m members, could lead to further price cutting

across the sector.

Mr Mark Wood, AA Insurance's managing director, said members might be able to get discounts of more than 10 per cent by switching from other telephone-based insurers.

The initiative follows an 18-month pilot study. AA Insurance had feared its existing structure, by which it acts as an intermediary rather than underwriter, meant it could not offer sufficiently attractive premiums.

With more than 1m motor policies, AA Insurance is one of the largest private car insurers.

Mr Wood said AA's book of business had remained static despite competition, but predicted an extra 500,000 policies could be underwritten by the new service over the next five years. "Our major growth will come from the direct operation."

The new activity, supported by £1.1m, is scheduled to begin in the autumn with motor policies, after authorisation

has been obtained from the Department of Trade and Industry. Household business is expected to be added in 1997.

Meanwhile, independent high street brokers are exploring the possibility of setting up a Lloyd's of London insurance vehicle allowing them to compete with direct companies. And the launch of Broker Direct has been delayed again, from later this year until early 1997.

Rothschild Asset Management loses £63m Shetland contract Monday deadline for Mark One sale

By James Buxton, Scottish Correspondent

Rothschild Asset Management is losing its contract to manage a £63m pension fund for Shetland Islands Council.

The mandate to run the superannuation fund has been awarded to PDM, a wholly-owned subsidiary of Union Bank of Switzerland.

The council - the local authority in Shetland - said RAM, part of the merchant bank NM Rothschild, had failed to meet performance targets. Its target had been to

achieve performance returns in the top quartile of the WM 2000 index, which measures pension fund managers' performance, over a three-year period. Its performance was, however, in the bottom half of the table.

PDM was selected after a tendering process, partly as a result of its performance in managing the council's £74m Reserve Fund and Harbour Reserve Fund. This accumulates some of the revenues from the Sullom Voe oil terminal, the main source of the council's income, providing it with an annual revenue of about £26m.

RAM will continue to manage £128m, or two thirds of the council's trust in which it accumulates revenue deriving from rent and disturbance payments on the terminal.

Last July the council summoned four investment managers to answer questions on the performance of its assets. This is becoming increasingly important because the council is now offering substantial cuts in charges levied on the terminal in order to persuade the oil companies, led by Shell and Chevron, to continue using it after the lease expires in 2000.

By Neil Buckley

Rival bidders for Mark One, the loss-making discount clothing retailer, will spend the weekend sorting out their offers for the assets after being given a deadline of midday on Monday.

Mr Philip Green, the retail entrepreneur whose other businesses include Xscape discount stores and the Owen Owen department store group, will be bidding against Mr Shami Ahmed, founder and chief executive of the Joe Blaggs sportswear business.

Mr Green acquired the bank debt and 92.5 per cent of the shares last week, putting it into administration in the hope of reaching a creditors' voluntary agreement on refinancing.

However, Coopers & Lybrand and Leonard Curtis, the joint administrators, applied to the High Court yesterday for a sale of assets amid concerns that there were insufficient funds for the business to continue trading. The court ordered the assets to be sold no later than midday on Monday.

The 96-store chain has debts of £17m, with £3.3m secured.

Goodbye to all the village hall stuff



On a winter afternoon in Lancashire, a lone figure in a blue anorak stands for hours in the rain watching construction workers complete the new stand at Preston North End football club.

"You get blokes standing there all day watching it being built. It's as if they can't believe it's happening," says Mr Stephen Caunce, Preston's finance manager.

A suspension of belief is required these days for anyone visiting Preston North End, the 106-year old club that won football's first two league championships, but which now languishes in the lowest of the game's four divisions.

Eighteen months ago Preston was a typical small-town English football club, living off past glories, struggling to keep its head above water and relying on the goodwill and enthusiasm of locals to run the club and manage its finances.

However, since September 1994 it is as if a magic wand has been waved over Deepdale, its dilapidated stadium. Following the arrival of new corporate owners, Preston has gained a stock market listing and built a £4.4m stand - modelled on the much admired Luigi Ferraris Stadium in Genoa.

While this mirrors broader changes that have revolutionised the sport in recent years - the arrival of more profit-oriented owners, investment in modern facilities and the introduction of professional business managers to run clubs - the transformation of the club is also a story of how a large employee-owned manufacturing company wanted to put down stronger roots in its local community.

Mr Lawrence King, finance director of Baxi Partnership, the Preston-based boilermaker that acquired Preston North End in September 1994, says that while the company bought the club because it wanted to contribute more to the lives of Preston people, the acquisition was not made for purely altruistic reasons.

In the third of a series on football clubs' finances Patrick Harverson looks at Preston North End



Lawrence King: Baxi's acquisition was not made for purely altruistic reasons

"Baxi wouldn't have invested in Preston North End if we didn't see it making a competitive return," says Mr King, who now doubles as the club's finance director. "A lot of people say football is not a good investment. But leisure is a growing market and we can see the trend in football crowds going up. You can definitely make money now in football."

Yet when Baxi took over the club it was a far from profitable business. Mr Caunce, who was hired as Mr King's number two, explains how he found the club's finances on his arrival. "When I got here it was archaic, village hall stuff. They ran nine cash books - all the different activities had a cash book and a bank account."

To put the club on a proper financial footing meant introducing financial reporting, ordering and invoicing systems. "Now everyone reports monthly to Baxi," says Mr Caunce. Also, a business plan was drawn up and the club's £300,000 overdraft cleared. The objectives were to cut costs, boost gate receipts to a level that covered the wage bill, and build revenues from other sources such as merchandising, sponsorship and advertising.

The strategy appears to be working. Costs have been cut, primarily by reducing the squad from 28 to 20 players, gate receipts have climbed after ticket prices were increased, and sponsorship and advertising fees have grown. Merchandising sales picked up following the opening of a town-centre club shop which took £8,000 in its first week alone.

Preston's finance director says the club, after losing £280,000 on turnover of £1.88m last year, is now "back on the road" to profitability. The most dramatic change at the club, however, was its conversion from a private into a public company in September 1995. Preston's flotation on the Alternative Investment Market was an extension of Baxi's own business philosophy, says Mr King. It "allowed the fans and the local community to put their money where their heart is," he says.

Yet in Preston, hearts are clearly still ruled by the head as few of the fans who follow the team on a regular basis were willing to invest in the club's future. Only 1,084 individuals applied for shares in the flotation, and the bulk of the issue had to be taken up by City underwriters. Mr King says the lack of interest was

disappointing, blaming it on the club's lowly position in the league. "Maybe we should have waited until the club had climbed a division or two."

Still, Preston raised \$4m from the float, money which has gone towards building the new Tom Finney Stand, which opens next month. Apart from housing 8,000 fans in comfort, it will eventually also be home to a suite of banqueting rooms, a pizzeria and England's first national football museum.

Yet perhaps the best news at the club has little to do with money or business. After cutting the size of the squad and spending only a net £200,000 on new players, Preston is lying second in the Third Division and is well placed to win promotion this year.

Ultimately, Mr King believes Preston, backed by growing business revenues and its large fan base, can emulate the achievements of another famous small-town Lancastrian footballing club.

Improving Celtic back into black

Celtic, the Glasgow football club, bounced back into profit in the first half of the year thanks to record pre-season ticket sales and an improved performance on the field, writes Patrick Harverson.

The club, which joined AIM last September, reported net profits of £292,000 in the six months to December 31, against losses of £210,000. Turnover climbed to £8.54m (£5.25m).

In the first half the club returned to Celtic Park after a spell at nearby Hampden Park while its own stadium was being refurbished. The move, combined with better results from the team, boosted gate receipts and commercial revenues.

Season ticket sales after the move more than doubled to 29,500, and gates at the still unfinished stadium averaged 33,000 in the first half. When the £29m refurbishment is complete the stadium will hold 60,000.

Revenues were also buoyed by higher television fees, primarily from the club's involvement in lucrative European club competition.

The club said £3.7m was spent on new players during the first half, with about £1m received from sales. Like many other clubs, Celtic does not put transfers through the profit and loss account. Instead, values are written off over several years.

Celtic said its financial performance in the second half, when it has fewer league games scheduled, would depend on the team's progress in the Scottish cup. Also, it warned that there was pressure to increase player salaries, which were rising "alarmingly". First half operating expenses, which included players' wages, rose 43 per cent to £6.83m.

With the club committed to reinvesting profits in the stadium and the team, no interim dividend is declared.

Telemetrix US arm sells subsidiaries for \$4.1m

Telemetrix yesterday announced that GTI, its 57 per cent owned US subsidiary, had sold Esco and Electronic Supply, its distribution arm and operating subsidiary, to QI Electronics for about \$4.1m (£3.66m).

The consideration is made up of \$2.2m in cash, with the remainder to be paid over six

years. Proceeds will be used to reduce debt.

GTI has been accounting for the operating results of the two businesses as discontinued operations since May.

It reported the estimated loss on the sale at its December year end, when it incurred a pre-tax loss of approximately \$1m.

NEWS DIGEST

Ascot close to sale of 250 pubs

Ascot Holdings, the property, hotels and pubs group which plans to become an industrial holding company, announced yesterday that it was close to announcing the sale of 250 pubs.

The outlets are the best performing pubs in the group's 490-strong pub division, and contribute the bulk of the division's annual £2.2m revenues and £2.4m operating profits. Analysts expect Ascot to receive about £25m from the sale, representing a modest premium to book value.

When the sale is completed the group, formerly known as Control Securities, will be left with a small number of pubs and hotels and some property interests. While seeking buyers for its remaining assets, Ascot will continue its search for a suitable acquisition in the UK industrial sector.

The group will have about £70m in cash, plus funds from a possible rights issue, available to spend on the acquisition.

Patrick Harverson

Guarded optimism at Greenalls

Greenalls, the UK's largest independent pub chain, yesterday delivered a generally optimistic view on current trading.

Mr Andrew Thomas, chairman, told shareholders at the annual meeting that despite January's extreme weather, the pub business started the year in line with expectations. Comparable drinks sales per outlet in Inns Retail were up 8 per cent and food sales per outlet up 7.3 per cent, although comparable beer sales volume in its tenanted estate were 1.5 per cent lower.

Branded restaurants and lodges achieved increases in food and drink sales of 15.8 per cent and 14.1 per cent respectively. De Vere Hotels improved occupancy levels from 95 per cent to 99 per cent and room rates were up 9.5 per cent.

Boddingtons, the pubs, hotel and nursing homes business acquired last year, was trading in line with expectations, said Mr Thomas. Country House, the health care business, was trading well but with no previous experience of this type of business, Greenalls was reviewing its future.

The shares firmed 8 1/2p to 583 1/2p.

Garry Evans

Gieves stake in Knickerbox

Gieves Group, the Saville Row tailor and publishing group, is starting with the basics of women's wear by taking a 49.5 per cent stake in Knickerbox, the privately-held underwear retailer.

Gieves, which runs the Gieves & Hawkes men's wear chain and licensing division as well as Chivers Press, the publisher, has paid £660,000 to subscribe for 660,000 new shares in Knickerbox.

The lingerie business was founded by husband-and-wife team Ms Janie Godber and Mr Stephen Schaffer in 1986 after they left Marks and Spencer, the high street retailer.

Knickerbox runs 54 outlets in the UK and sells its products through 33 outlets in Sweden, Denmark, the Netherlands, Spain, Hong Kong and Taiwan.

Metoko Rich

Exceptional hits Quayle Munro

Costs relating to the split between the two partners who set up the company in 1983 left Quayle Munro Holdings' interim net revenue before tax at £92,000, against £290,000.

The outcome at the Edinburgh-based corporate finance company for the six months to December 31 was after an exceptional charge of £212,000 relating to compensation and associated costs following the departure of Mr Michael Munro last November.

Earnings per share fell from 5.8p to 1.7p, but the interim dividend is increased to 3.5p (3p) reflecting the company's strong financial position.

IBT launches C shares offer

International Biotechnology Trust has launched a placing and open offer of up to 30m C shares at 100p to raise funds for investment.

Merrill Lynch International is placing 25m of the shares - the rest are available to existing investors.

The trust, which focuses on biotechnology companies, has invested about 90 per cent of its existing funds. The C shares will convert into ordinary shares by February 28 1997.

In Brief

■ AVONMORE FOODS, the third largest supplier of whey protein products in the US, is investing \$20m (£12.9m) to expand its Idaho production facilities. The investment will raise capacity at the two Idaho plants from 60,000 tonnes to 80,000 tonnes.

■ HALIFAX BUILDING SOCIETY has appointed SBC Warburg and Merrill Lynch as joint brokers in preparation for its conversion and flotation. SBC Warburg will act as lead broker.

■ HERALD INVESTMENT TRUST proposes to issue C shares to raise funds for investment and to broaden its geographic area. It intends to continue qualifying for the full personal equity plan allowance by keeping half the portfolio invested in the UK.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Barrington	Yr to Dec 31	(-)	0.174 (0.088)	0.95 (0.3)	0.7	0.6	0.7	0.6
Celtic	6 mths to Dec 31	8.5 (5.2)	0.93 (0.21)	(-)	nil	nil	0.7	0.5
Goodwin	6 mths to Oct 31	9.68 (7.94)	0.54 (0.06)	5.02 (0.56)	0.5	0.5	0.5	0.5
Verity	6 mths to Dec 31	23.1 (15.1)	1.24 (0.91)	0.5 (0.3)	0.05	0.05	0.5	0.5
Investment Trusts								
	NAV (p)	Attributable earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year
HS Share Nippon	Yr to Jan 31	148.2 (148.5)	0.217 (0.237)	0.75 (1.05)	0.13 (0.24)	0.13 (0.24)	0.13	0.24
Sweet Smorging	6 mths to Dec 31	112 (118.8)	0.048 (0.087)	0.13 (0.24)	0.13 (0.24)	0.13 (0.24)	0.13	0.24
River & Mercantile	Yr to Dec 31	210.08 (185.88)	10.05 (10.03)	9.81 (8.37)	2.73	2.45	8.48	8.2

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. *Comparatives restated. *AIM stock.

Handwritten note in Arabic script: "مكتبة الامم المتحدة"

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS
Sugar up
on nearby
tightness

The world sugar market continued to defy long term supply/demand fundamentals this week as nearby supply tightness drove prompt prices still higher.

"This market is as strong as anything I've ever seen," one trader told the Reuters news agency. "I'm surprised everybody's finding homes for [sugar] at these [price] levels."

At the London Commodity Exchange the August delivery futures price was trimmed by \$0.50 to \$369 a tonne in late trading yesterday. But that was still up \$3.80 on the week and \$18.90 from the beginning of the month.

The May premium remained exceptionally wide, meanwhile, at \$22 a tonne, compared with \$23.50 at the end of last week and \$16 at the end of January. This situation is known as a "backwardation", because it is a reversal of the normal situation where forward prices carry premiums reflecting the extra costs of holding physical material - storage, insurance and lost interest.

Backwardations generally arise when the market is in fundamental deficit, but that is not the case with sugar. Analysts agree that the market is heading for a substantial surplus this season. A report published by London broker C. Carmichael this week projected that record production of 121.4m tonnes in 1995-96 would outstrip consumption by 3.5m tonnes. That figure agreed closely with the 3.6m tonnes E.D.F. Man, another London trade house, predicted a couple of weeks ago and was in the same ball park as the 2.4m tonnes forecast yesterday by the secretariat of the International Sugar Organisation.

"We continue to believe that a surplus of this magnitude, backed by record crops in Brazil, India and Thailand and a good Australian crop, must

assert itself before the end of the crop cycle," said the ISO. "Previously we expected this would happen in the first quarter of 1996, but there is no evidence of this so far. Nevertheless, when peak production is reached, around March-April, in the equatorial cane producers, we expect downward pressure to be exerted on prices as supplies of raw and white sugar become more freely available."

In its Sugar Review Carmichael explained that a succession of unusual factors had masked the market's bearish fundamentals. "Crops have run late in West Europe, the Caribbean and Central America as well as Thailand," it said. "These delays have found buyers with prompt requirements which have already been deferred with little leeway for further extension... Against this backdrop, the USA has not only increased the current [import] quota but US rosters have needed additional supplies in order to unwind earlier swaps of quota for re-export business."

At the London Metal Exchange this week a rally in copper prices ran up against stiff resistance and was halted yesterday by disappointment at the failure of LME warehouse stocks to show the expected drawdown. At the close the three months position was at \$2,499.50 a tonne, unchanged on the day and \$29 up on the week.

Lead prices climbed to 54-year highs in mid-week on buying that Robin Bhar, analyst at Brandeels, attributed to "general speculative and investment fund interest". He said supply tightness could intensify if cold weather in Europe and North America translated into a high rate of vehicle battery failures.

Richard Mooney

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.99% (5 per tonne)

	Close	Settle
Previous	1585.50	1585.50
High/Low	1585.50/1585.50	1585.50/1585.50
Open	1585.50	1585.50

COPPER, 99.99% (5 per tonne)

	Close	Settle
Previous	1585.50	1585.50
High/Low	1585.50/1585.50	1585.50/1585.50
Open	1585.50	1585.50

ZINC, 99.99% (5 per tonne)

	Close	Settle
Previous	1585.50	1585.50
High/Low	1585.50/1585.50	1585.50/1585.50
Open	1585.50	1585.50

NICKEL, 99.99% (5 per tonne)

	Close	Settle
Previous	1585.50	1585.50
High/Low	1585.50/1585.50	1585.50/1585.50
Open	1585.50	1585.50

LEAD, 99.99% (5 per tonne)

	Close	Settle
Previous	1585.50	1585.50
High/Low	1585.50/1585.50	1585.50/1585.50
Open	1585.50	1585.50

TIN, 99.99% (5 per tonne)

	Close	Settle
Previous	1585.50	1585.50
High/Low	1585.50/1585.50	1585.50/1585.50
Open	1585.50	1585.50

SPECIAL HIGH GRADE (5 per tonne)

	Close	Settle
Previous	1585.50	1585.50
High/Low	1585.50/1585.50	1585.50/1585.50
Open	1585.50	1585.50

COPPER, 99.99% (5 per tonne)

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FINANCIAL TIMES

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Saturday February 24 1996

Investors in a muddle

No-one should be surprised by the ups and downs in global financial markets over the past few days. Investors, particularly the bondholders, are a nervous bunch at the best of times. In fact, they are especially nervous at the best of times, because they must worry about how long the bull market will last.

Wall Street seemed quite convinced that the end was nigh at the beginning of this week. US bond and equity markets lurched downwards. On Tuesday, the long bond lost two points, and the Dow Jones Industrial Average fell 45 points. European financial markets followed suit, quite dramatically so in the case of Germany.

By the middle of the week, it looked as though the anxiety attack was over. The Dow ended Thursday at a new high, nearly 100 points up on the previous day. But yesterday the roller-coaster continued, with both bond and equity markets taking another sharp tumble. European markets fared better, with the German and French equity markets closing up 1.2 and 1.85 per cent, respectively.

A storm in a tea-cup, perhaps? Or a taster of things to come? Sadly, the answer to this question is probably "both". The bond investors' biggest worry, as ever, is that the reductions in global interest rates which have made them so much money will actually work as intended. That is, they will trigger a global upturn that will send central bankers reaching for the brakes. In fact, a reversal in either global inflation, or short-term interest rates, is unlikely to occur at any time soon. But with so much riding on the outcome, investors will be easily upset by signs to the contrary.

The angry Republican voters who voted for Pat Buchanan in Tuesday's New Hampshire primary certainly do not think that a US recovery is in the bag. Yesterday's weak fourth quarter gross domestic product figures, showing an annualised rise of only 0.9 per cent, would seem to confirm Mr Buchanan's gloomy economic prognoses.

Twin stimuli
Mr Alan Greenspan, the Federal Reserve chairman, told Congress this week he was confident that recent signs of economic weakness at the turn of the year would prove to be temporary. But he did not rule out further cuts in short-term interest rates, stating that faster growth would be welcome as long as inflation remained so modest.

The signs are that the US economy will pick up again in the second quarter of this year, but there

is little to suggest that either prices or interest rates will rise sharply much before the end of 1996. Bondholders have more reason to be worried about the good news coming out of Japan.

There, the economy seems at last to be responding to the twin stimuli of record low interest rates and higher government spending. With government officials openly fretting about the consequences of a 0.5 per cent discount rate for pensioners on fixed incomes, the fear is that the Bank of Japan will jump to raise interest rates as soon as the upturn is firmly established, regardless of the outlook for inflation.

Careful patchwork

This prospect sends pulses racing in Wall Street because it could well unravel the careful patchwork of international support which is now putting a floor under the dollar markets. The US economy is unusually sensitive to Japanese interest rate changes at the moment because domestic investors have realigned their enthusiasm for foreign markets, leaving a large hole in both the US current and capital accounts to be filled by foreign inflows, many of them from Japan. Any sign that these investments might stay at home could be disastrous. Similar fears, writ smaller, would arise if excessive German monetary growth meant that the Bundesbank decided to call a halt to short term interest rate cuts.

But the fact that a rapid turnaround in Japanese and German monetary policy could wreak havoc in the US does not mean that it will, in fact, the evidence suggests that it will not, at least during the next six months.

The German money supply was revealed yesterday to have grown at an annualised rate of 8.4 per cent in January. This is outside the Bundesbank's 4 to 7 per cent target range, but with producer prices falling by 0.7 per cent in the same month and unemployment at 10.8 per cent, one month's monetary growth figure is unlikely to eliminate the Bundesbank's apparent bias towards further easing.

Although Japan's immediate economic prospects are with luck rather better than Germany's, both share a common dread of a weaker dollar. Further yen strength could all too easily reverse the recent upturn in Japanese confidence and send the economy back into reverse. There could be some bumpy times ahead for dollar assets, but Americans can rest assured that central banks in continental Europe and Japan will do all they can to prevent a rout.

The broadcaster's bandwagon

Pat Buchanan delivered a megawatt jolt to the US political system with his victory in the New Hampshire primary, says Jurek Martin

The signs were everywhere that this was the week when the race for the White House really began. Bill Clinton, who loves a campaign more than dinner, could not stop smiling. Bob Dole, who has never held public office hit one over the fence might seem only mildly shocking. This is, after all, the land where Mr Smith went to Washington disguised as Jimmy Stewart and conquered it. Billionaires with a funny voice and \$65m in loose change can win a fifth of the real-life vote in a presidential election, as Ross Perot did four years ago.

But that it was Patrick Joseph Buchanan who did it - and as a Republican no less - was a megawatt jolt to the political system. New Hampshire may be a quirky state, fond of outsiders. But only twice in its 22 first-in-the-nation primaries over the past 41 years has its winner failed to go on to become either the Democratic or Republican candidate for president. (The years were 1964 when the state's Republicans backed Henry Cabot Lodge rather than Barry Goldwater, and 1992 when its Democrats chose Paul Tsongas rather than Bill Clinton.)

All across the country, in country clubs, brokers' offices, chief executive suites and in the garrets where the remaining moderates huddle, establishment Republicans threw up their hands in horror. Even the leader of the new establishment, Newt Gingrich, Speaker of the House, warned that his revolution, or what is left of it, could be reduced to ashes.

If a man who speaks the economic language of the trade union hall ("We're gonna make America the greatest manufacturing power in the world again, with American jobs for American families") in the cultural tongues of the fundamentalist pulp ends up running against Mr Clinton, he could lose to him badly in November. Democrats, meanwhile, just popped the cork.

Seriously nasty words were banded about. Retired General Colin Powell called Mr Buchanan intolerant. Mayor Rudy Giuliani of New York said he protected Nazis, and the New York Times obliged by producing a list of those who support him and have attended the sort of meetings where the swastika hangs from the walls. Bill Bennett, the former secretary of education, repeated that he was flirting with fascism (Vladimir Zhirinovskiy, the Russian ultra-nationalist, fanned these flames by endorsing him from Moscow this week). Not since the McCarthy era has one man been



tarred with so many brushes. But if Mr Buchanan is to be stopped before he reaches the Republican convention at San Diego in August, someone must be found to do it. New Hampshire assigned that task to Senator Bob Dole, the majority leader, or Mr Lamar Alexander, the former education secretary and governor of Tennessee.

At least, as the week ended, both were sniping more at Mr Buchanan and less at each other. Mr Dole has now chosen to pretend Mr Alexander does not exist. The majority leader variously called the struggle "the mainstream against the extreme", "fear against hope", "inclusion against exclusion".

Mr Alexander, who talks non-stop about his own "fresh ideas", began taking aim at Mr Buchanan's "bad ideas". Building protectionist walls around America, he said, meant "we'll be selling corn and soybeans to each other".

But if the truth be told, both are pallid campaigners when stacked against Mr Buchanan. Mr Dole, in particular, was awful in New Hampshire, only in defeat putting together a sentence longer than "It's the

future, that's what it's all about".

A "major" economic speech, supposedly the expression of his beliefs, was delivered in a mumble and too late for airing on the evening television news. The game among the travelling press was to try and remember exactly what his economic "four freedoms" were, or whether he had got them muddled up with the four horsemen of the apocalypse. Those platform would elect nobody.

It did not get much better as he criss-crossed the country. "You don't have like me," he said in South Dakota, "but you ought to vote for me anyway" - not exactly the compelling vision of the future that presidential candidates are supposed to hold out. It was a performance, replete with the staccato shorthand of the Senate locker room, that recalled his old, bad campaigns of 1976 (for vice-president) and 1980 and 1988 (for the presidency). It made many of his admirers, who consider him a politician of substance, rather sad.

Mr Alexander is much smoother, though the fire in the belly is well banked. A Wall Street Journal editorial was on the mark in observing

that he "markets himself, as if born in the research labs of Procter & Gamble, as a product unique from any previous Republican". Certainly there has been an inexperience to his campaign, always seeking to refine the mixture with a "fresh idea" here and a new gimmick there, dropping without compunction those that do not seem to catch on. Some, such as using the US army to police the Mexican border, are seen as quite bizarre by many Americans, not least in the military.

That approach worked (for an eclectic "New Democrat" called Bill Clinton in 1992 but so far two third-place finishes hardly qualify Mr Alexander for the political equivalent of the seal of approval of the Food and Drug Administration. And to sell himself further, he will need the one commodity, money, that only victories, or at least wins over Mr Dole, can bring. He spent just about all he had in Iowa and New Hampshire.

By contrast, Mr Buchanan can run a relatively low-cost campaign. A skilled broadcaster and writer, he gets all the "free media" exposure he wants by making himself avail-

able for interviews on every small radio and TV station he comes across. He scripts all his own commercials and appears in them - just plopping himself in front of a camera and talking to it, without the need for expensive background film or golden-tongued voiceovers. His \$350,000 advertising budget in New Hampshire was one fifth of Mr Forbes's, one third of Mr Dole's and about half Mr Alexander's.

He is also a stump speaker of great talent, quick, pugnacious, knowing how to whip up an audience, sometimes interrupting himself with a demonic laugh.

He loves to argue that his populism, down to its last protectionist tariff, is firmly in the tradition of the Founding Fathers, with even George Washington wearing an American suit to his inauguration "though the French cloth was better".

But it is an act, because the Buchanan of 1996 is a blatant re-invention of all but his religious and culturally conservative parts. As Ms Maureen Dowd, the sharpest of contemporary columnists, wrote in the New York Times, "the old Pat was a charter member of the media elite, known around Washington as a guy who liked chardonnay, cats, walks on the beach, W.H. Auden poetry, dark suits, tree trunks, Mercedes sedans and Hermes ties. The new Pat is a sulphurous protectionist populist, fearlessly tramping in the snow in his new casual wardrobe of green parka, fuzzy sweater and Irish cap. He comes across as a boiler-maker and bowing alley guy."

It worked in New Hampshire and it could yet in some of the other 23 states with primaries in the next 30 days where isolationism and economic uncertainty combine with the muscle of the religious right.

There is a Buchanan feel to conservative Arizona, home of Barry Goldwater, his first political mentor, which votes on Tuesday. There is, too, in South Carolina, which votes next Saturday - its substantial influx of foreign investment, including another Fuji plant just this week, notwithstanding. Even the rugged Dakotas, also next Tuesday, could be responsive.

But going all the way to the Republican presidential nomination is another matter. Mr Buchanan still has to break the 30 per cent level in any vote and it is barely that, even if the support of the minor candidates sympathetic to his cause - Mr Keyes, Mr Dornan and Mr Taylor - is added. And the states get bigger and more complex along the primary trail, which plays to the strengths of Mr Dole's money and national organisation, even if the candidate himself underwhelms.

It all comes down to the fear factor - whether that ignited by Mr Buchanan among the angry and the left-out is greater than that he inspires in a party that really thought it could elect a Republican president this year. He may not give it the chance.

LETTERS TO THE EDITOR

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Carmakers behind cross-border price discrimination

From Mr Alan Kirman.

Sir, The article "Private car dealers win cross-border sales ruling" (February 18) on the European Court of Justice's decision to allow independent dealers to import cars freely into the country of their choice, misses the basic point of this controversy. Why are Peugeot dealers in France and Ford dealers in Germany unhappy about the devaluation of the lira? Not because Fiat's are much cheaper in France and Germany - the price change has been very limited - but because Peugeot's are being re-imported into France and Ford's to Germany from Italy, where they are now much

cheaper. They are cheaper in Italy for the simple reason that Peugeot and Ford find it more profitable to charge less for their cars in that country than the prices they charge for the same cars in their own countries. It is a strategic choice by the manufacturers to "price to market" in this way.

As long as markets are effectively separated - by legislative exemption and practical obstacles - manufacturers will continue to do this. If the Ford dealer in Germany has a legitimate grievance against anybody it is against Ford which has chosen to increase its prices in Italy, for example, by only one-third of the revaluation of the D-Mark

against the lira and thus to make its cars much cheaper in Italy than in Germany.

There is some truth to the manufacturers' argument that different price levels have led to different prices in different countries: pre-tax prices have typically been very low in Denmark where taxes are very high, but this was once again a strategic choice. Even after tax harmonisation manufacturers will still have an incentive to charge different prices for the same product in different countries. It is the separation of national markets, something for which the manufacturers have fought hard, that is responsible for

this. If car dealers are unhappy with the efforts of consumers and others to benefit from price differences by importing cars, they have only the manufacturers to blame and possibly the Commission for accepting the arrangements which allow price discrimination. If the dealers are to receive any compensation it should be claimed from the manufacturers whose cars they sell.

Alan Kirman,
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Move to help Ugandan debt

From Mr William Cash MP.

Sir, Your leading article "Future of aid" (February 15) makes many telling points.

As chairman of the all party East Africa Group, I have tabled an important early day motion No. 137 in support of an innovative concept long advocated by the London-based Centre for Accountability and Debt Relief, which has cross-party support from some 180 MPs. The EDM acknowledges that the Museveni presidency since 1986 has satisfied many of the key elements of International Monetary Fund and World Bank macro-conditionality and has emphasised greater social sector spending, as also advocated by the UK-based Debt Crisis Network, a group of some 40 leading non-governmental organisations.

What the Ugandan president has indicated is that he is prepared to impose on his own government far

greater emphasis on transparency and accountability than previously required by the multilateral institutions. This would be done to ensure that corruption and politically self-serving policies are monitored by independent auditors and accountants reporting to the major lending organisations, while making it possible for those lenders to relieve a large portion of multilateral debt outstanding in Uganda.

The obvious incentive to have a portion of his nation's mountain of debt reduced, in return for greater accountability and transparency, over a prolonged period, should help to satisfy UK taxpayers that their reduced aid budget is channelled more effectively to help the world's poor.

William Cash,
House of Commons,
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Privacy has long been debated

From Mr F. Kosten.

Sir, Tim Jackson balances his claim (Media Futures: "This bug in your PC is a smart cookie", February 12) that it "is a good thing" to "tailor advertising more closely to what consumers want", by adding that "the issue of privacy... needs to be debated".

In fact, this issue has been debated for years, relevant codes of practice already exist in the UK, and the Data Protection Act added criminal sanctions over a decade ago.

Mr Jackson trivialises matters by restricting the worst consequences to companies trying "to sell you something", and overlooks the serious implications of the intelligence data that must be gathered to achieve this purpose - the "mad scramble to implement personal marketing strategies" explored last year in your columns ("Personal message", May 18, and

my letter, May 23). These data often involve "who was where and when and doing what" - facts that in the wrong hands and in a different context could spell disaster for the individual concerned.

In contrast to Mr Jackson's belief, customers have for years been receiving such potentially dangerous letters, commenting on their habits. As regards the use of surveillance technology (electronic signals from a shopper's store card, rather than CCTV) this is similarly already performing what he asserts is many years in the future - tailoring "a person's movements against sales records". Try the Netherlands for a start!

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The FT Interview - Ichiro Ozawa

A campaigner for change

William Dawkins on the Japanese opposition leader who has broken ranks with the old guard in the drive for modernisation

Mr Ichiro Ozawa, recently elected leader of Japan's political opposition, admits to frustration when he looks back over his three-year struggle to reform the way in which his country is governed.

When he left the Liberal Democratic party in mid-1993, his defection began a chain of events that brought to an end nearly four decades of single-party rule. Since then, this expert on Chinese military history has plotted to change what many believe to be incapable of change: the conservative, domestically fixated world of Japanese politics.

Mr Ozawa wants to modernise Japan's political system by a radical shift of power from the old cabal of bureaucrats, businessmen and politicians to a new class of professional leaders capable of responding more decisively in a fast changing world. Without such a shift, Japan will never be able to assume an international role equal to its economic clout, he argues.

But change in Japan's political system now looks far away with the governing coalition of the conservative LDP and left-wing Socialists expressing little interest in reform. As for Mr Ozawa's New Frontier party, it commanded a mere 9 per cent support in recent opinion polls - down 8 percentage points from six months ago - against the

government's 61 per cent. "Japan doesn't really have that much time left" before foreign partners lose interest and patience, Mr Ozawa warns. In particular, he is worried about Japan's alliance with the US, shaken by last year's alleged rape of a schoolgirl near the US base in Okinawa, for which three US servicemen are on trial.

"There is an atmosphere growing in the US that the Japan relationship is not as important as it was, and doubts are rising on the Japanese side as well." Conceivably, the US could survive without reference to the international community, he says, but Japan clearly cannot. By that he means Japan needs the US if it is to achieve its international ambitions.

Mr Ozawa admits to sharing foreigners' puzzlement over whether Japan's experiment with political reform has made only superficial or real progress. "I feel the same. This government is made up of people who really do not want to move forward... Otherwise why else would the LDP and

Socialists get together? They are united on just one thing, to keep the status quo," he says. He argues that Japan's conservatism is partly explained by the difference between now and another period of great change, the 1880s Meiji Restoration. Then the feudal system broke down under the twin pressures of domestic demands for reform and force from the west. Today, "we do not see outside forces pressing in on us as clearly as the Meiji people did... the pressure for change is not as visible and that is why people are hesitating," he says.

But Mr Ozawa also blames a tendency to superficiality for the slowness of political change. He points as an example to the battle between the LDP and the finance ministry, the nearest thing to a centre of power in Japan's diffusely organised government.

The LDP is considering plans to break up the ministry, in punishment for its part in the housing loan mess. It is the greatest political challenge to the ministry since its birth in the Meiji era. But, says Mr

Ozawa, the main players in the row miss the point.

"The argument about the ministry does not go to the essence of things," he says. "Bureaucrats themselves realise that they cannot go on as they have been doing and I recognise that the ministry has been too arrogant. But as bureaucrats, they are not the people to break the mould of the old way of doing things. The political leadership has to assert itself... that is the most important thing," he says.

To bring this about, he proposes that ministers should stay in their posts for longer, rather than taking frequent turns in a party rota. He also wants them to work more closely with ministries, and speak for themselves more often, rather than reading from a civil servant's text.

Mr Ozawa's own metamorphosis from LDP heavy to reformer is one of the things that made Japan's political realignment possible. As a former secretary-general of the Liberal Democrats, he was a member of the party's biggest - and incidentally

most corrupt - faction.

Three years ago he was poised to take over the dominant Takeshita faction, then the most powerful political job in Japan. Instead, he created his own breakaway group, partly to pursue a reform agenda lacking in the LDP, but also as a consequence of a fight with Mr Ryutaro Hashimoto, then the other most promising rising star in the LDP. He later became LDP president and was elected Japan's prime minister last month, bringing this long-standing rivalry into the open.

The Ozawa group left the LDP to form an independent party that was the nucleus of two unstable coalition governments that eventually collapsed, bringing back the LDP in a coalition with their traditional enemies, the Socialists, in June 1994. Just over a year ago Mr Ozawa formed the New Frontier party, a coalition of disgruntled former LDP politicians and allies, becoming its president in December.

Perhaps disingenuously, Mr Ozawa claims that his step into the limelight came by

accident rather than design. Even when in the backroom, he was conscious that many Japanese found him too self-assured for their tastes.

"In Japanese society, people dislike overt leadership. Therefore it is much easier to support the leader and operate behind him," he says. "So when the NFP election came up, I had thought my supporters were in a minority. But they turned out to be the majority... and this is what has given me the courage to assert leadership."

It is hard to see just when Mr Ozawa will get the opportunity to try to implement his agenda, given that the government does not have to call an election until July 1997.

But he is undeterred by the volatile polls and believes reform will prevail. As testament to the New Frontier party's seriousness, it has just moved in to a sparkling new headquarters, where it has opened a shadow government, with mini-ministries paralleling the existing bureaucracy, a short walk away.

No Japanese opposition party has ever made such thorough preparations for government. Despite its poor showing in the polls, the pressure for reform is widely recognised as unstoppable. Three years after breaking ranks with the old guard, Mr Ozawa is still the Japanese politician who articulates the need for change most clearly.



S. Prasad

Robert Chote on uncertainties clouding UK economic prospects

A hazardous wager

Last Tuesday the London International Financial Futures Exchange witnessed the heaviest gambling it has ever seen on the future level of British interest rates. Dealers placed a record 268,612 bets as the market suddenly concluded that base rates would end this year higher than they are now.

A week ago the market was predicting base rates of 6 per cent in December, down from their present 6 1/2 per cent. But, just two working days later, that expectation had risen to almost 6 3/4 per cent. Half a point may not sound much to get excited about, but it was a big move in such a short time.

On the face of it, the move implied that the markets had suddenly become convinced that the economy would improve dramatically later this year. This would force the authorities to slam on the brakes by pushing interest rates higher.

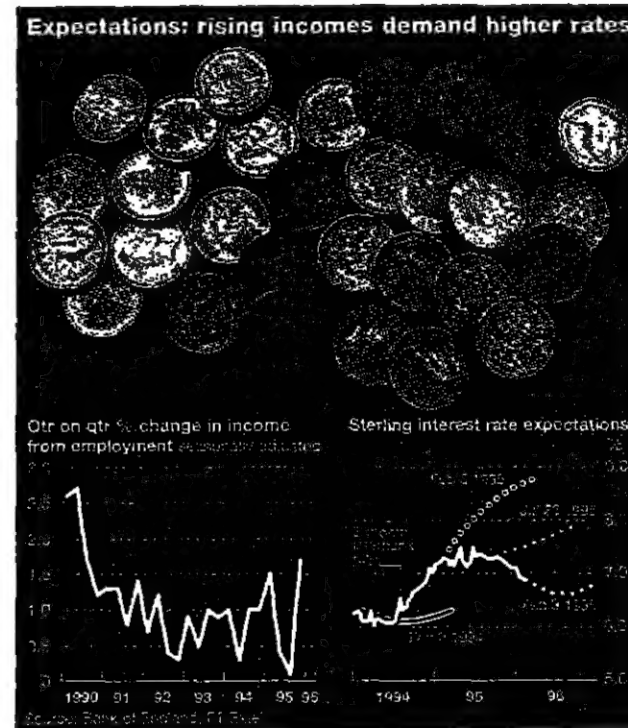
Economists, however, found the precise timing of this change of heart difficult to explain. There had been no portentous statements from the UK Treasury or the Bank of England to unsettle dealers' nerves. Nor had any statistics been published which transformed their assessment of the state of the economy.

The most common explanation was that the market was simply mirroring moves in France, Germany, Japan and the US. Officials in the UK agree, but only up to a point. The size of the move in sterling interest rate futures early this week suggests there was also a specific message about developments in the UK.

"You cannot interpret the numbers as a precise prediction, but it does show a change in mood and in confidence about the direction of rates," said Mr Richard Jeffrey, economist at Charterhouse Bank.

The outlook for the economy this year - and, therefore, for interest rates - remains a subject of hot debate. Independent forecasts of national output growth this year vary from as little as 1.7 per cent to as much as 3.3 per cent. Economists say the key uncertainties are the strength of export markets - especially France and Germany - and the speed with which companies might run down stocks of unsold goods.

Little less than the long-term trend rate which has proved sustainable in the past without pushing up inflation. But it is also growing a little more



strongly than City economists expected. On Thursday, the Central Statistical Office said the economy expanded 0.5 per cent between the third and fourth quarters of last year, slightly more than its initial calculations indicated. This was the first quarter in which the recovery has picked up speed since the spring of 1994.

The service sector - which accounts for about two-thirds of the economy - remained the driving force behind growth. Services output rose 0.8 per cent, helped by buoyant performances from transport, distribution, business and financial services. Together with a surprise pickup in the previously moribund construction sector, this offset a stagnant performance in manufacturing and other production industries, where weaker export markets and the desire to reduce stocks have already taken their toll.

But where has the demand for this output been coming from? Consumer spending rose healthily, as did investment (although not in manufacturing). Government spending was weak and exports fell, but so did the amount of demand soaked up by imports. About 56500 of the output produced

in the fourth quarter was added to unsold goods already languishing in warehouses. Mr David Walton, at Goldman Sachs, the investment bank, said stocks had stopped rising as a proportion of goods produced. But he still expects stock adjustment to depress growth for some months.

This would provide Mr Kenneth Clarke, the UK chancellor, with the perfect excuse to cut interest rates again. Most economists believe the Bank of England's optimistic *Inflation Report*, published last week, has already left the door open for another cut, perhaps next month. The Confederation of British Industry is urging such a move - on Thursday it said the chancellor could probably cut base rates by another half point without putting his inflation target at risk.

But events in the futures markets this week suggest uneasiness. Dealers appear nervous that further rate cuts will be too late to counteract any short-term slowdown in the economy, but will boost activity and inflationary pressure when the economy is already rebounding. This would put upward pressure on rates in a few months. "Policy

does look very reactive," says Mr Geoff Dicks, economist at NatWest Markets. He thinks the chancellor and Mr Eddie George, the governor of the Bank of England, are paying too much attention to current growth and inflation in their monthly meetings, and not enough to likely future trends.

What will matter is the economy's underlying momentum when the stock adjustment has been completed - and this depends crucially on the outlook for consumer spending.

Revised official figures now suggest that spending in the shops was weaker over the Christmas period than first appeared. But the broader measure of consumer expenditure - which includes spending on holidays, cars and the like - is thought still to be growing more strongly. Most economists think this will continue.

For one thing, people will have more money in their pockets. Mr Kevin Gardiner, of Morgan Stanley, the investment bank, calculates that someone on average earnings with a £50,000 mortgage will enjoy an 8 per cent rise in income in the year to mid-1996, after inflation, taxes and mortgage payments. Income from employment is already climbing at its fastest rate for more than five years.

There are other factors which should boost consumer spending and the "feel-good factor". House prices have been increasing for the longest uninterrupted period since 1988 and unemployment also continues to fall sharply. Consumers will also enjoy windfalls from building society reorganizations, electricity bill rebates and maturing tax-exempt special savings accounts (Tessas).

Mr Clarke remains more confident than most of his advisers that the UK will enjoy a surge in consumer spending this year - although this has not prevented him from being keener than most to cut interest rates. There is a camp in the Treasury which accepts the case for a sharper cut in rates, but only on the assumption that they are raised again promptly when necessary.

The chancellor argued at his last meeting with the governor that he had overestimated the willingness to act early when rates were raised in 1994. But the squall in the futures market this week suggests he is not necessarily expected to repeat that commendable trick in the run-up to an election.



Outselling the megastars: South Carolina bar band Hootie & The Blowfish (left) and Madonna's protégé Alanis Morissette

Out of tune with the times

While Britain's record executives are recovering from their celebrations at this week's Brit awards, their US counterparts are preparing for the Grammys on Wednesday in a less festive spirit.

After a heady period when US music sales grew by 60 per cent in the four years to 1994, they stalled at \$12bn last year, according to the Recording Industry Association of America. Profitability was depressed by price competition among retailers, and heads rolled at many US record labels.

The critical question is whether the slowdown is due to short-term factors peculiar to the US, or to longer-term changes in consumption patterns that could eventually affect other countries.

Unsurprisingly, the industry prefers to see the US situation as a short-term phenomenon. "There hasn't been much creative excitement in the US recently," says Alain Lévy, chairman of PolyGram, the world's largest record company. "Suddenly we'll get ten great new bands and everything will change. Look at what's happened in the UK."

The rise of Britpop acts such as Oasis and Pulp has triggered the same creative and commercial resurgence in the UK that the US enjoyed in the early 1990s. Megastars Madonna and Michael Jackson were still selling well then, and now provided a powerful platform to popularise new genres, notably grunge and rap.

Grunge has lost momentum since the death two years ago of Kurt Cobain, lead singer of Nirvana. And rap was clouded by political controversy when

The British music industry is resurgent, but its US rival is struggling, says Alice Rawsthorn

Senator Bob Dole, the Republican presidential contender, intervened in last summer's campaign against the violent lyrics of gangsta rap. US music magazines are now filled with laudatory articles about Britpop. Oasis's *Morning Glory* is at number five in the US album charts. So far, Oasis is the only new British act to have sold well in the US, except for Bush, which sounds like a Seattle grunge band. Pulp, Radiohead, Supergrass and other Britpop acts are now being marketed in the US as the "next Oasis".

Meanwhile, many once bankable US megastars produced disappointing sales last year. Michael Jackson's *HIStory* only sold 1.5m copies, weak by his standards. The best-selling album in the R&B category he once dominated was TLC's *CrazySexyCool* with 4.8m. Madonna, who sold 1.1m copies of *Bedtime Stories*, was outsold by her protégé Alanis Morissette, who is signed to her record label and achieved sales of 4.2m for *Jagged Little Pill*. Neither Morissette nor TLC had mastered significant sales before, but 1995's number one album, Hootie & The Blowfish's *Cracked Rear View*, was an even bigger surprise. Hootie is a South Carolina bar band which dresses in a suburban style and cites golf as its favourite hobby. Like the equally unhip Robson & Jerome, the singing actors who topped the US charts last year, Hootie is reviled by the critics

but very popular. It sold 7m albums, mainly to people who do not normally buy records. In theory it should not matter commercially whether Hootie or Michael Jackson tops the US album chart. But record executives are worried Hootie's bar tunes are unlikely to be popular outside the US, at a time when they are struggling to find new international stars. The US is the world's largest music market, but its share of global sales is shrinking as sales grow more rapidly in Asia and Latin America. Musical taste is becoming more characteristic in these fast-growing markets with Chinese stars, such as Wei Wei and Dadawa dominating Asia. This makes it more difficult to establish young US artists there now than when Madonna emerged in the 1980s.

Even in the US, there are signs that the industry's problems extend further than the creative hiatus. One of the most serious issues is the turmoil in the retail sector. Tower Records, Musicland and other chains are paying the price for over-expansion and discounting have dragged the industry into a vicious cycle of price cutting by using records as loss leaders to attract customers. The situation could worsen this year as some music retailers are threatening to seek bankruptcy protection.

At the same time, the industry has burdened itself with

spiralling costs. Salaries have always been high in the music business. Warner has paid at least \$200m in compensation to executives who have left in the past two years. Recent reshuffles there and at other companies have triggered another round of salary increases. André Harrell clinched a \$20m five-year deal with PolyGram to run its Motown label.

Stars are also negotiating more lucrative deals by exploiting the growing competition between labels to sign them. One of the most aggressive bidders is DreamWorks, co-founded by Mr David Geffen, the billionaire music mogul.

He says DreamWorks is primarily interested in discovering new talent. But it participated in last summer's \$55m deal to sign George Michael and held talks with Janet Jackson when she renegotiated her Virgin contract. Virgin was so anxious to avoid losing her that it agreed to an unprecedented \$88m four-album deal. DreamWorks is now reported to be wooing R.E.M., the rock group that has only one album left on its Warner contract.

Ironically, the industry is paying more to its stars at a time when their sales prospects are becoming less predictable. It is also gambling that long-term expenditure on music will be unaffected by the growing appeal of computer products, particularly to teenagers, traditionally enthusiastic music buyers.

However, sales of computer products are accelerating and in five years, the US record labels may be as worried about the next generation of Sony PlayStations as they are about the latest releases from Oasis, Pulp or Wei Wei.

The search for soldiers who know how to fight

Bernard Gray on Europe's move away from compulsory military service

Conscription is a bit like camping holidays: most people have a pretty miserable time doing it, but it provides a fund of entertaining stories for later.

Tales of the oxymoron that is military logic abound among those who have completed national service. One lad from Ulster in the Hebrides asked for a local posting and so was sent by a ship of a UK Ministry of Defence pen to Ulster in northern Scotland on a journey of 800 miles via Glasgow which took the best part of a week.

Britain finally put itself out of such misery in 1963, but not until 15 years had passed and 2m men had been through the horror that is basic training. France has now decided to join the ranks of professional armies, and others may not be far behind. Italy has a long-standing plan to abolish conscription and Spain's opposition

party may copy this week's decision by President Jacques Chirac as a potential vote-winner.

Yet the idea of a citizen's army runs deep. Switzerland still embodies the notion of a community which will put down its scythes and pick up its swords if it is threatened with invasion. It is an essentially defensive posture which teaches basic military skills to the population so that they can protect their farms and villages.

Conscription has for years been bound up in the perceived need to maintain large standing armies in continental Europe. Germany in particular is surrounded by powerful neighbours on an open plain with long land borders to protect and few natural barriers.

According to Mr Volker Rühe, the German defence minister, only

a conscript army, along with trained ex-service personnel available for recall, can provide the manpower needed for the task at a reasonable cost. Until the end of the cold war, the 3m conscripts of the Red Army on the other side of the Berlin wall added powerful weight to the argument.

Some see national service as a cohesive social force. In Italy, a relatively young nation with vast disparities between the populations of Palermo and Milan, service in the forces has been a way of instilling a sense of national identity. It also brings a sense of obligation to the state and service to the community.

Yet, for all that, the tide is running against conscription. The increasing emphasis on individual liberty since the 1980s runs directly counter to national service. Young

people from wealthy families are evading conscription through travel, extended education or other loopholes, undermining the idea that military service mixes social groups and increasing the resentment of those who are still forced to go.

More seriously from a government perspective, the cost of maintaining such large forces, even at the miserly rate conscripts are usually paid, is now beginning to hurt. It is no accident that Mr Chirac's announcement of the end of French conscription came as part of a defence review designed to cut costs. Italy feels the pain of inadequate equipment because so much of its defence budget is consumed by pay.

However, the most significant argument against national service

is that conscript armies are losing their military usefulness. As the prospect of the third world war erupting on the central German plain has faded, armies have adapted to become more mobile. The vogue now is for smaller, well-equipped, high-tech units which can be deployed outside the traditional Nato sphere quickly to fight in coalition wars.

Conscript armies are more or less useless for this task. Fighting with advanced equipment in alliance with others requires much more training and understanding of doctrine than conscripts usually get.

The Gulf war against Iraq showed the power of modern weapons and the necessity of high levels of training. The US and the UK, both with professional armies, fought closely together, while

France, which had to cobble non-conscript units together, was relegated to the fringes. That humiliation has not been forgotten.

Despite the momentum for change, Germany seems likely to be the one big European state which will stand out against a wholly professional army. Its worry is the separation which can develop between a military cadre and the society it is supposed to protect. Through the Weimar Republic, Germany maintained a professional army and the experience was not a happy one.

Yet just as Germany has come to terms with other aspects of its military past - and is now posting soldiers abroad again - so it may eventually find it healthy to field a professional army under civilian control. The youngsters who would no longer do guard duty on wet Saturday nights would doubtless be grateful.



CURRENCIES AND MONEY

MARKETS REPORT

Dollar shaky

By Philip Gowing

It was a game of two halves yesterday for the dollar, which rose first on the release of German money supply data, only to slip back later in the day when strong US data sent the Treasury market into reverse.

Technical factors were also at play, with traders closing out positions ahead of the weekend.

For the fourth day in succession, the Bank of Japan bought dollars during Asian trading, but the limited success of these operations is starting to weigh on the currency. It closed in London at DM1.4513, from DM1.4516 on Thursday, but off an intra-day high of DM1.4570.

It slipped further to DM1.4450 in New York. Against the yen it closed at Y104.875, from Y105.02.

Sterling was dragged lower by the combination of a weaker dollar, and renewed political nervousness ahead of

the debate on the Scott report on Monday, and a further crimping of the government's parliamentary majority. It finished at DM2.2355, from DM2.2402, and at \$1.5404, from \$1.5433.

There was little currency movement in Europe, although the D-Mark was slightly weaker following the release of the January M3 data.

The South African rand, meanwhile, enjoyed another

day of stability after the rout suffered over the last week. It closed at R3.855 against the dollar, from R3.89 on Thursday. This was better than the historic low of R4.03 on Wednesday, but compares to R3.65 before the slide started last week.

■ Poured in New York

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Weekend FT

A return to the old ways

Sitting one afternoon in a camp by the dried-up bed of the Hoarusib River, 100 miles south of the Angolan border, I found myself watching a tall, dust-plumed stork strutting across the Namibian plains.

The man who emerged from the heavily loaded Land Rover was a young, blond-haired Australian in safari hat and wrap-around sunglasses.

His name was David Adams and he owned a small film company. He was making *To the Ends of the Earth*, a television "info-entertainment" travel series. The Kaokoveld, he said, was as remote and untouched a place as any, and its photogenic Himba people an exotic choice for a public avid for such curiosities.

Adams' interest in the Himba intrigued me, for I had come to the Kaokoveld to see how a last remaining corner of traditional Africa was coping with the outside world.

Post-independence development aid has done little to reverse the continuing disintegration of rural societies - poverty, disease, hunger, drought, tribal conflict and mismanagement continue to take their toll. What interested me in northern Namibia was one of a new generation of projects that aims to give rural Africans the economic power to change their lives.

How would the Himba deal with a voyeuristic western video expedition into the bush?

The Himba, as I discovered in a remote, rocky valley the next day, are indeed an extraordinary looking people. Rejecting the accoutrements of western civilisation, they have preferred until now to clothe and decorate themselves with animal skin and bone, shell and beaten copper. Smearing their mostly naked bodies with a mixture of butterfat and ochre, they seem not merely to live close to the desert earth, but to have been extruded from it. They glow in the light of the desert sun.

As simple and vulnerable as they seemed to be, the Himba took Adams to the cleaners. Surrounded by bee-hive-shaped mud huts, bare-breasted girls and milling goat herds, he found himself confronted with hard-headed and astute business.

How much, Adams was constrained to ask through long and complex negotiations with village elders, would it cost him to film? The hours passed, the flies buzzed, the negotiations continued interminably. Doses of ploys were used to extract the maximum of booty for the minimum of concessions. Adams' pile of trade goods - tobacco, sugar and the like - shrank ever smaller. Morning turned into noon. When I finally abandoned him, Adams was more deeply mired in discussions than ever. In this particular face-off the Himba had won the day.

But what about the coming days and the tourist influx that

ringed around by a distant prospect of volcanic hills.

The place has nothing to do, however, with adventure tourism. It is the field headquarters of northern Namibia's Integrated Rural Development and Nature Conservation project. It is an awkward sounding mouthful for a body that promotes a simple and radical design for putting rural Africa back together again.

Garth Owen-Smith and Margaret Jacobson are the driving forces at *Worldsend*. He is a conservationist with a lifetime's experience of African wildlife management, she an anthropologist who has worked extensively with the Himba, Herero and Damara peoples of the Kaokoveld. It is precisely people and wildlife, and the combining of the two in a way profitable to both, that is at the heart of the Kaokoveld project. Owen-Smith and Jacobson are African iconoclasts; their views are indictments of the entire process of conventional third world development. For them, the resounding failure of foreign aid is in large part due to the exclusion of its most important component, local communities.

Industry, mining, commercial agriculture, ranching - most such development projects are inspired by western models and take little account of African traditions or social structure. They remove natural resources from local control and place planning and management in the hands of centralised bureaucracies. Above all, they largely funnel the financial profits from resource exploitation away from local communities, thus leaving them with little power to decide their own future.

In what is a return to square one, Owen-Smith and Jacobson make a convincing case for a return of the control of local resources to local people.

The greatest wealth of the Kaokoveld, Garth Owen-Smith said, lies in its wildlife and spectacular landscapes - given the right circumstances, he

Nicholas Woodsworth sees how a community project is helping a tribe in Namibia

follows film-makers and travel writers? Livingstone, Burton and Speke had also been thoroughly deceived by the locals. What they and others left behind, however, was more than just trade goods. Commerce, Christianity and Civilisation rapidly took hold, and Africa began its transformation into the ravaged continent we recognise today.

Have we learned nothing since? Is a predatory and destructive tourism just as inevitably fated to ravage those parts of Africa that still remain wild and alluring? Not necessarily. It may just be that we are finally beginning to learn something.

Not long afterwards I found myself driving through the gates of *Worldsend*, an Afrikaans name that means the end of the earth. And that is what it was - a tiny human outpost lost on a vast plain and

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The Himba of the Kaokoveld, Namibia: remote and untouched a place as any

Joe Rogaly



When justice works best

In some cases the courts are more effective than the Commons

Do judges make law? "Course they do," said a certain Jeremiah Smith, once a judge of New Hampshire's highest court. "Made some myself."

My dog-eared textbook on the US constitution tells me this, and reminds me of the judiciary's sensitivity to politics. Franklin Delano Roosevelt tried to pack the Supreme court, which in 1936 declared his New Deal legislation unconstitutional. The president won that year's election handsomely. Between March and June 1937 the previously conservative "nine old men" sat in the same nine chairs that had supported their behinds in 1936 and nodded through a minimum wage, social security and the rest of FDR's interventionist package.

Under later presidents the US high court voted for desegregation, the end of capital punishment, and abortion. Its reputation for 1960s permissiveness has since been supplanted by a return to conservatism, thanks to Richard Nixon, Ronald Reagan and George Bush. Executions have been reinstated.

Ah, you may say, if you are not in America, they do things differently over there. They have a written constitution. Britain does not. True, but British judges also legislate. "Course they do. They

nurture and feed on the common law. They have begun to construct a huge edifice of administrative law.

Over the past few years they have built up a custom and practice of judicial review that is transforming the bench into a useful check on arbitrary actions of the executive. The courts are becoming a more effective forum for calling ministers to account than the House of Commons.

We subjects of the Queen ought to be grateful to courts. They place some restraint on demagogues like Michael Howard. The home secretary is a misfortune imposed on Britain by a malign fate. His principal redeeming feature is that he cannot be with us forever.

Yet his initial reaction to this week's ruling against the government by the European Court of Human Rights fell short of the populism that might have been expected of him. "We will carefully consider the implications," he said blandly.

This may be because the ruling itself is of greater symbolic than practical significance. It outlaws the detention of juvenile offenders "at Her Majesty's pleasure" once they have done their court-ordained time. Pleasure? That curious phrase, introduced nearly two centuries ago to keep criminal lunatics locked up, needs

translation. It means that Mr Howard, his eye on the opinion polls, could until this week decide how long to incarcerate a young criminal after his or her sentence has been served. The home secretary's ability to increase the initial term is not altered. He nearly doubled the British judiciary's original sentence on the children who murdered the toddler James Bulger. This week's ruling

'You were probably brought up to believe that justice must be blind'

does not address itself to that. It merely stipulates that after Robert Thomson and John Venables have served their 15 years the date for their release must be set by a court, not a politician. Mr Howard is ingenious enough to find a means - a change of practice or a new law - of getting round such a technicality if he must.

This may not be enough to satisfy the jingoistic Tories who are calling for withdrawal from the European convention that Strasbourg's court interprets. One such tried this line on John Major on Thursday.

The prime minister replied that he knew many behind him were irritated by the recent series of human rights decisions. The convention was flawed, and the government sought to have this remedied.

There is an obvious remedy. The convention should be incorporated into British law. Labour and the Liberal Democrats propose this. Some Conservatives, notably Sir Ivan Lawrence, chairman of the home affairs select committee, agree. The consequence would be that British judges would decide matters such as whether or not this or that British practice is a breach of human rights. When a minister lost a case, he or she could not blame foreigners.

Two objections may be made to incorporation. One is that it would add a codified element to an unwritten constitution. This, the argument runs, would lead to all kinds of legal havoc. Possibly, but not, surely, as much as is present now, with the European Court sitting in Strasbourg and the cases originating in the British Isles.

The second objection is less easily dismissed. It is that judges do not take the voice of the people into account. Former Master of the Rolls Lord Donaldson accused Mr Howard of "playing to the gallery" when he increased the minimum sentences for James

Bulger's killers. The home secretary had a "perfect right" to imprison people at Her Majesty's pleasure. "The dispute was the way he fixed the penalty because he appeared to be influenced by public opinion."

Someone has to be. You were probably brought up to believe, as I certainly was, that justice must be blind. Judges must be free from the pressures of the mob. The alternative, we were taught, is lynch law. Yes yes, but what of Myra Hindley? This infamous murderer of children may have served her time, but the public would not take kindly to her release. It would break the unstated compact between politicians and the electorate.

This runs as follows: if the natural instinct for revenge is not to be satisfied by capital punishment politicians will keep the perpetrators of the foulest deeds locked up for the whole of their lives. Mr Howard is clearly comfortable with that. Those of us who are not comfortable with Mr Howard must look to Britain's judges to take popular feelings into account when considering the release of notorious, high-profile killers.

In a democracy, justice works best when the blindfold is not too tight. Comprehending this, Britain's courts may safely be enabled to relieve Strasbourg of its case-load.

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PERSPECTIVES

The Nature of Things / Clive Cookson

The healing power of deceit

The use of mind over matter may soon be high on the medical agenda

Medicines have an extra healing power that has nothing to do with their chemical ingredients. Sometimes this "placebo effect" makes a marginal difference to the patient, sometimes it accounts for most or all of a drug's benefit.

The power of the placebo - giving dummy treatments a positive effect if patients believe they will work - is beginning to receive systematic study, as scientists become more aware of the extensive influence of mind over body.

Until recently, some doctors were under the impression that only children and people with unusually suggestible minds were susceptible to placebos. Now it is clear that everyone is susceptible.

The placebo effect - named from the Latin "I will please" - can be very powerful. Patients with terminal cancer occasionally recover if they are given an experimental "wonder drug", because new optimism about the treatment re-activates their immune system

to attack the tumour.

And the placebo's malign counterpart, the nocebo ("I will harm"), can act just as strongly in the opposite direction, making people worse if they think they are receiving harmful treatment. There are well documented cases in which voodoo witchdoctors have killed healthy people, by convincing them that they are doomed to die. Western doctors need to be aware of this effect, so that they do not inadvertently damage a patient's prospects of recovery by taking an unduly negative attitude.

The placebo effect can distort the pharmaceutical development process by exaggerating the benefit of new drugs. So clinical trials are,

wherever possible, "placebo-controlled, double-blind". Participants are divided at random into two groups; one takes the experimental drug and the other an inactive dummy (or an established medicine, if one exists). It is essential that both formulations should appear identical, so that neither the patients nor their doctors know who is taking which, until the code is broken at the end of the trial.

Although the effect is variable and unpredictable, a rough estimate is that in a typical clinical trial a placebo will produce a 30 per cent improvement in symptoms compared with giving no medication. That is similar to the effect

expected of the drugs themselves in some fields, such as cancer treatment.

Often, however, the nature of a new treatment makes it impossible to disguise in a placebo-controlled trial. While a drug capsule or pill can usually be matched with an identical placebo, there is no ethical way of doing this with a surgical procedure, for example.

Even when a placebo-controlled trial is designed, its purpose may be undermined in various ways. Well-informed patients, notably those with AIDS, have been known to work out from the side-effects which drug they are taking.

More shockingly, scientists themselves often subvert the system, according to a study by Kenneth Schulz of the US Centres for Disease Control, described recently in *New Scientist*. By analysing 250 double-blinded trials and interviewing 400 researchers, with anonymity guaranteed, he discovered many cases in which they had deliberately found out in advance how patients were to be allocated between the placebo and experimental groups.

Schulz found that researchers were ready to exploit poor security, for example by opening unsealed envelopes or cracking an elementary code. Occasionally they went to greater lengths, such as rifling through desk drawers or reading through sealed envelopes

with radiology equipment.

The researchers' motivation for this sort of cheating may just be to follow the trial as it happens, or they may try to intervene in the allocation of patients because they "know" what treatments work best and want to give them a helping hand. Their intervention certainly had an effect: experimental treatments were reported to be 30 per cent more effective on average when codes were poorly concealed than when they were kept strictly confidential.

If the placebo effect is so strong, how can it be used more systematically to help patients? The problem is that official medical ethics do not allow doctors deliberately to

mislead patients by prescribing inactive drugs (except in a clinical trial), although there is anecdotal evidence to suggest that this often happens unofficially.

Nicholas Voudouris, a psychologist at La Trobe University in Australia, may have found an answer. Voudouris has discovered from work with student volunteers that a placebo may continue to work, even if patients know the drug is a dummy, if they are first conditioned to associate it with a beneficial effect.

Voudouris is planning a clinical trial with patients suffering from long-term pain. After they have been treated with a painkiller for several weeks, the researchers will begin to substitute placebo for some, but not all, the doses of painkiller. The purpose is to see whether the placebo will work well enough for doctors to reduce the amount of drugs given, while achieving the same level of pain relief. Success would put the power of suggestion firmly on the medical agenda.

Minding Your Own Business

Boatbuilder set to come about on turning tide

After a five-year battle, Kevin Halcrow is optimistic about realising his dream, writes Clive Fewins

Kevin Halcrow's five-year battle to run a boatbuilding business started in 1990 when he left his £24,000-a-year job with National Power after 10 years working as an engineer in the coal, ash and dust department at Drax coal-fired power station in Yorkshire.

He paid to go on a year's boatbuilding course in Lowestoft before launching a one-man boat repair service in Hull. Two years later, after just about breaking even, he and his wife, Karen, left for the Lake District to do what Halcrow had always wanted to do - build bespoke, wooden sailing boats.

Five years later, the battle is not yet won. In Halcrow's workshop - a large converted chicken shed just outside Kendal - there is a 17ft, clinker-built, Oyster class sailing boat.

With help from Karen, Halcrow, 38, made it largely from one mahogany log he bought for £1,000 in 1993. Inside, it is ribbed with pale oak timbers and studded with rows of copper nails - a 1950 design but with a classic "old-fashioned" look. "It is the sort of boat people like to stroke," Halcrow says.

He finished the vessel in June 1994. It is still not sold despite having been exhibited at four boat shows and winning an award from *Classic Boat* magazine.

However, Halcrow has just sold the 17ft 6in Ptarmigan, clinker-built, three-man sailing boat he built from marine ply last spring. He gained the asking price of £4,250. He has just dropped the price of the Oyster from £10,650 to £9,000.

After a long period of uncertainty, Halcrow is now optimistic. "The figures for Lakeland Wooden Boats at the end of its first 18-month accounting period will show a turnover of about £19,500 and the company should make about £1,000 profit," he said. "If I had sold the Oyster, the figure would have been about £26,000 and I would have made a profit of about £7,000."

The sale of Ptarmigan 11 months after he completed it has convinced Halcrow he can make a success of his enterprise. A year ago, he was more hopeful of making a sale, but not convinced that he would even manage to break even in

his first 18 months. The main reason for the change in his fortunes has been an £11,500 repair contract - and his willingness to compromise.

"When we moved to Cumbria in December 1993, I was determined not to undertake repair work. I am an engineer by training and I have always wanted to use my design skills to build my own wooden boats from scratch in a traditional style," he said.

"However, when at the Southampton Boat Show in September 1995 I failed again to sell a boat and was offered a £8,200 repair contract that later grew to £11,500, I knew I had to take it.

"It is an interesting job and I

'People are full of praise for my boats, so I know there is nothing wrong with my products'

am working six days a week on it to complete the work to deadline by the end of March. While I am working repairing the boat - it is a 1935 motor cruiser, designed, built and sailed on the Norfolk Broads - I often muse on my failure to sell the Oyster and the fact that it took nearly a year to sell Ptarmigan.

"I used to attribute this to lack of selling skills on my part as I am reserved and rather reticent. However, after the sale of Ptarmigan, I have revised that view and put it down to bad luck."

Although as a salesman I have a lot to learn, I have come close to selling the Oyster several times. I am learning all about selling from a friend in the furniture trade, and am considering going on a course in selling techniques.

"People knowledgeable in the field are full of praise for my boats, as is the boating press, so I know there is nothing wrong with my products."

"I am sure more luck will come my way, and I believe I am doing the sensible thing in the repair job. We have to eat - and, besides, this policy

reduces the pressure on Karen who not only helps me but also works full-time for an insurance company in Kendal to bring in £23,000 a year, without which I would not have been able to get this far."

At the beginning of this year, Halcrow gained further cause for optimism in the form of a business arrangement with a Lancashire-based company, Character Boats of Morecambe.

"Character Boats was started 18 years ago by a splendid man called Bill Bailiff, who had a very loyal following for the eight styles of glass fibre-hulled boats he produced," Halcrow said.

"The plan was for me to build wooden versions of Bill's designs to order, using templates taken from his boats. Bill very much wanted this to happen because he had always wanted to see his designs at the Greenwich Wooden Boat Show. Sadly, he died suddenly last November, aged 56."

"However, the arrangement is to go ahead. I already have a potential order for a wooden version of Bill's 12ft 6in Lane Pilot model and am drawing up a licensing agreement with his widow, who has offered to sell me the business for £15,000."

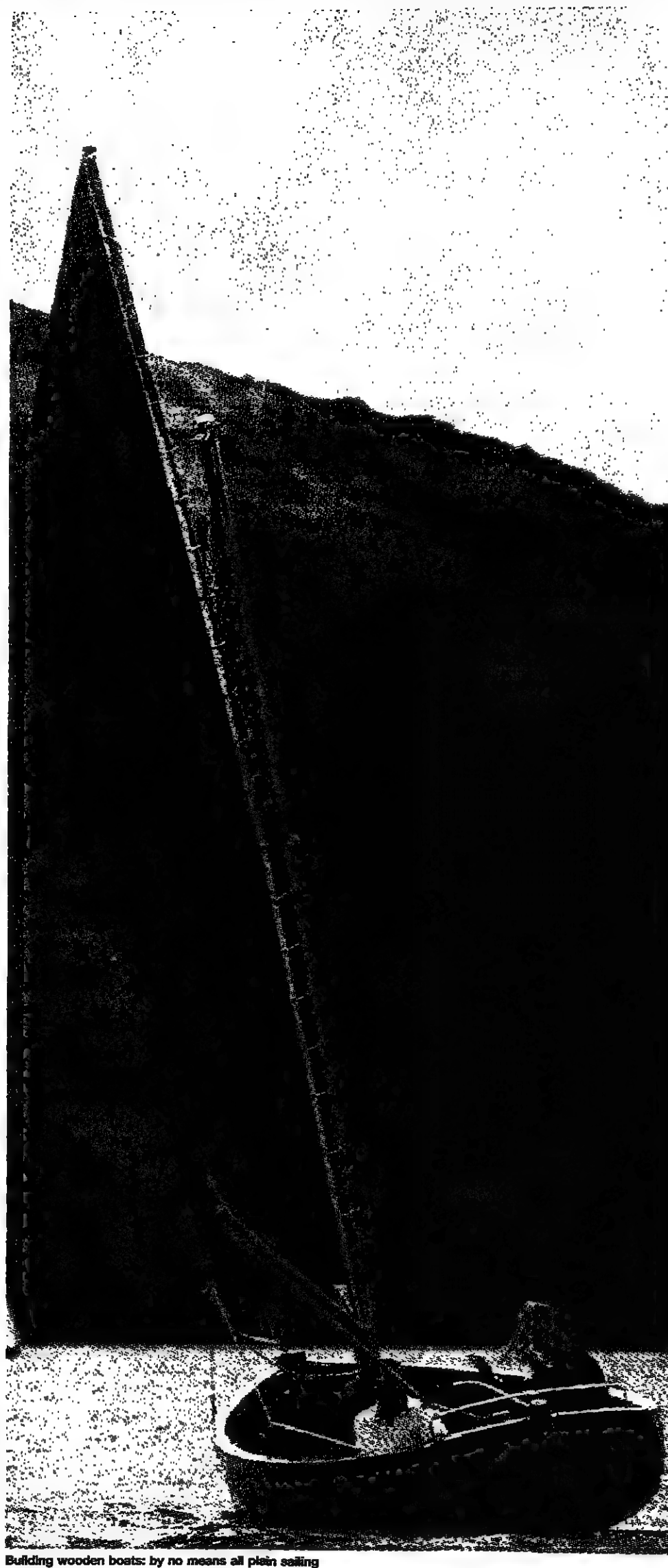
Halcrow now has to find this money as he has exhausted his own capital on the start-up of Lakeland Wooden Boats and the £3,000 he had to find for fitting out some of the products of Character Boats in timber. He will need to sell the Oyster or go to the bank, or both, to find the money to purchase Character Boats.

"One way or another, I shall find the money," Halcrow said. "I am trying to gather together Bill Bailiff's business plan to present to the bank. With spring approaching, I feel I can't be far off making that vital sale of the Oyster."

"In spite of the difficulties, Karen and I both feel coming to the Lakes was a good move. In the process, we freed nearly £30,000 on our house sale and purchase, and this helped ease the financial pressures in the early phase of Lakeland Wooden Boats."

"All the same, it is time the company started making real profits. We shall get there in the end."

■ Lakeland Wooden Boats, 2 Ghyll Brow, Brigsteer Road, Kendal, Cumbria LA9 5DZ. Tel: 01539-723921.



Building wooden boats: by no means all plain sailing

Truth of the Matter / Philip Crowe

Scott and the right to lie

You are standing on a street corner. A man comes racing towards you, rushes into a shop and hides. Seconds later, another man, brandishing a meat cleaver, comes charging along and shouts: "Which way did he go?" Instinct, buttressed by commonsense, demands that the answer you give is, in an over-worked phrase, economical with the *actualities*.

If, on the other hand, Immanuel Kant, the German philosopher, had been standing on that same street corner, he would have replied "he's hiding in the shop".

Kant, after all, was the author of this notorious conundrum. He had impeccable and incontrovertible reasons for arguing that truth must always be told whatever the circumstances. Hence his unambiguous reply. His unanswerable philosophy just happens to conflict with commonsense.

A politician asked the question "which way did he go?", would find it natural and easy to produce an answer that was wholly true, totally convincing and entirely misleading.

When the man wielding the meat cleaver happens to be called Sir Richard Scott, then the political talent for self-preservation by obfuscation operates at full strength.

An English politician, confronted by an English judge, is assumed to be an honourable, well-intentioned person who would not deliberately lie; or, if he did, it would be for an entirely honourable reason.

He could not possibly be called "duplicious". But within that very English framework, Sir Richard Scott's report on the arms to Iraq affair is deadly.

It is nothing so crude as a carve-up with a cleaver. It is more a work of art, an oil painting on a huge canvas, built layer on layer, complex, immensely detailed. The more it is studied, the more revealing it proves.

The central question is one of truth. Sir Richard has come to a clear view about where truth lies; but his judgment about the people involved is made, not on the basis of truth, but on the question of motive.

They are honourable men, well-intentioned, not duplicious, constitutionally but not personally at fault. The government can claim, on the basis of intention, that the report acquits. The opposition argues, on the basis of truth, that the report convicts.

It is, of course, entirely possible for someone to do the wrong thing for the right reason. The classic example is what is known as "the just war". A country goes to war, reluctantly, as a last resort,

because there is no other way to resist great evil. War is always wrong, in all circumstances; but to go to war for good reasons is justified. Lying is always wrong, in all situations; but not telling the truth or telling only part of the truth, so that what is actually told is thoroughly misleading, may be justified in particular circumstances.

It is equally possible to do the right thing for the wrong reason. A person cares for an elderly relative because he hopes that the reward will be a large legacy. Without at least some selfless love, it profits him nothing. He is, in Saint Paul's words, a noisy gong or a clanging cymbal, even though his action is good.

But the Scott report does not say that the ministers concerned did the wrong thing for the right reason, nor the right thing for the wrong reason.

It says they did the wrong thing for the wrong reasons.

Monday's debate will tell us a great deal about the morality of parliament

Sir Richard concludes that Sir Nicholas Lyell, the attorney-general, failed to ensure that Michael Heseltine's reservations (Heseltine is deputy prime minister) were passed on to the trial judge, through what appears to have been sheer incompetence.

William Waldegrave, chief secretary to the Treasury, signed letters telling members of parliament there had been no change in the guidelines, when he was in a position to know that they had changed when he was partly responsible for the change, when he had convinced himself that they had not changed because no public announcement had been made, and when he had decided that no public announcement should be made because public opinion might have reacted unfavourably against any change.

To do the wrong thing for the wrong reason remains wrong, however honourable and well-intentioned; the ministers may have been misled, but they have been wrong with this view, and how seriously they will regard it if they do agree, remains to be seen.

Monday's debate will be interesting and revealing. It will tell us nothing about the behaviour of the two ministers. It will tell us a great deal about the morality of parliament.

Continued from Page 1

argues, tourism, the fastest growing industry in the world, could be of tremendous benefit to the area.

But for that to happen there must be wildlife in the first place. When Owen-Smith arrived in the Kaokoveld in 1982, once abundant game populations had been decimated by illegal poaching. In an area of some 70,000 sq km of wilderness just 60 rhinoceros and 250 elephants were left among remnant populations of smaller animals. While much of the poaching had been done by outsiders, many locals, too, found enrichment in the trade.

The basis of Owen-Smith's development project was to put wildlife management - and the

A return to the old ways for the Himba people

profits from it - into local hands. Legally denied any right to a resource that had once been an intimate part of their lives, local poachers had achieved popular status as African Robin Hoods. But if communities were once again given a stake in a valuable commodity, Owen-Smith was convinced, they would act to protect their investment.

And so it proved: with World Wildlife Fund for Nature financing, a community game-guard network was established. Today an integral part of the larger Kaokoveld programme, it supports almost 100 village game-guards in anti-poaching patrols and surveillance.

While in many national parks in Africa shoot-to-kill policies and huge investments in quasi-military operations

have failed to stop the slaughter, poaching in Kaokoveld - tribal land unprotected by fences or park status - was reduced to negligible levels within two years. In the last decade rhino and elephant numbers have more than doubled.

In return, as game stocks rebuild and tourism begins making rapid inroads, the 50,000 people of the Kaokoveld have gained the legal right, through recent legislation, to exploit their resources for their own benefit. In part this means financial initiatives like community-owned campsites, bed-night levies on visitors, and joint ventures with tour operators and safari lodges.

It also means the right to kill animals for meat and skins - as time goes on controlled

"game harvests" become more frequent and varied - community hunters now deliver fresh giraffe, springbok, oryx, zebra and ostrich meat to villages and schools.

To many nature lovers and environmental funding groups the commercial killing of such animals is horrifying. Owen-Smith thinks they have got it wrong. "From a conservationist's point of view, urban westerners, who buy their food in hermetically sealed packages, live in sheltered and artificial environments. Yet they sermonise to us out here about saving cuddly, big-eyed creatures. It is not romantic and sentimental attitudes towards animals that is going to save them - it is a realism that puts a value on animals."

Nor is sentimentalism going to save the Himba themselves. "This is probably the last generation of Himba that will wear skins and ochre," Jacobsohn said. "But that is not the essence of being Himba. If they are going to survive as a people, they are going to need to keep one foot firmly in the world of rural African tradition they know, and the other in the modern world that they have to cope with."

A few days later I was sitting by a fire in the tiny settlement of Purros with a small villager called Soti Kasaona. A village game-guard for the last nine years, he is well-qualified for the job, being a former poacher.

How many rhinos did he kill for their horns, I asked. Three, he replied. And elephants? More, he admitted - 16. And

how much was he paid for the tusks? £13 a pair, he said ruefully - he did not know their value at the time.

He does now. "We came close to killing everything off. When I walk in the bush today I feel happy when I see something moving - it means we still have the old ways with us."

For now, at least, the old ways seem to be holding their own in the Kaokoveld. Over the next few days, as I made my way over mountain and savannah, I saw game everywhere - unique desert-adapted elephants in dry riverbeds, cheetah in the tall grass, long-horned oryx standing sentinel high on hill ridges. Community-based resource management works: contrary to all the evidence of the recent past, men and animals can have a

profitable co-existence.

Will such a system, now also finding favour in wildlife areas in Zimbabwe, Botswana and Zambia, continue to spread and find new applications?

It is by no means an all-Africa panacea, but over much of the continent, in poor rural regions suffering some of Africa's worst and most insoluble ills, communal resource control holds out real prospects.

Wildlife, tourism, forestry, water control, stock management and desertification are just some areas where such an approach offers an alternative to rural collapse and migration.

Many African politicians find little prestige in grass-roots projects that build on "back-

ward" African traditions. They are also loathe to surrender centralised economic control and political power.

The western world, too, has its objections. Aid agencies want rapid, quantifiable results. Animal lovers want bloodless conservation programmes. And to foreign governments and private investors, community management and decision-making rankles of failed socialist experiments of the past.

But from my Kaokoveld point of view, a dust plume moving across the plains at the end of the earth, it looked a hopeful road to follow.

■ *Nicholas Woodsworth's trip to Namibia was arranged by Sunoil Discovery. Tel: 0181-569-4499. Fax: 0181-569-8301.*

Main picture from *Namibia: Africa's Harsh Paradise* by Peter Johnson and Andrew Barnister, published by New Holland, £29.99.

Chess No 1116: 1 Bc4 Qc7 2 Rg3, or d4e4 2 Qc4, or Qxg3 2 Qc7. Not 1 Bb1? Oh?

مكتبة

PERSPECTIVES



Richard Kidd in his Norwich restaurant: at one time he earned £200,000 a year running an insurance agency

Big spenders who found that insurance was not for life

Peter Marsh looks at the costly legal battles being fought between big companies and their former workers

The worst moment for Rob Fitch was just before Christmas 1994, when he sold his golf clubs - which in the good days cost him £585 - for £75 to buy presents for his wife and children.

Fitch is a former insurance salesman who earned £200,000 a year in the late 1980s and is now making a fraction of this in another branch of the financial services industry.

With his only formal qualification an O-level in drama, and unable to read or write because of his dyslexia, Fitch entered the insurance industry from a dead-end job loading trucks in a container yard.

But after starting in 1983 with Pearl, one of Britain's biggest life companies, he never looked back, gaining jobs with several other big groups, including Legal & General, Royal Life and Allied Dunbar.

"In the 1990s clients couldn't get enough life insurance," says Fitch. "People used to come to their front doors, ask me what I did for a living and say, 'Insurance? I'll have some of that'."

At the peak of his success, Fitch, now 35, bought a £280,000 house near Colchester and ran three cars: a Mercedes, a Jaguar and a Golf GTI. "It was utopia," he says.

His way of life ended in 1993 when Allied Dunbar terminated his contract. It started legal proceedings against him, claiming £97,000 to which it says it is entitled.

Fitch has kept his house, but has sold his cars, making do with a 1993 Vauxhall Cavalier. While he has started his own legal action against Allied Dunbar, arguing breach of contract, the company says it has acted reasonably and denies any unlawful action. Fitch and hundreds of others like him are among the human wreckage of the extraordinary boom-and-

bust period for the UK economy over the past 15 years.

He is among an estimated 1,000 one-time insurance managers and agents - many of them on the dole - engaged in costly legal battles with their former companies over the circumstances of their leaving the industry. The former insurance operatives are haggling over large sums - thought to total £100m - which each side argues the other owes.

Few of the legal cases have come to court, partly because of the complexity of the legal arguments and because the large amount of ill will between the different parties has impeded efforts to reach speedy settlement. "Fighting these cases is like wading through a mixture of mud, treacle and shit," says Alex Bevan, of Bristol solicitors Bevan, who is acting on behalf of 70 former insurance agents and managers.

Behind the rash of legal disputes is the hiring spree indulged in by the insurance industry in the mid to late 1980s, when it took on thousands of mainly self-employed agents and managers to feed the public's demand for investment services.

But as the industry declined precipitously with the early 1990s recession, it laid off about 100,000 of its sales staff - with most of them saddled with debts to their former companies on account of either loans or cash paid up front on life policies and pensions which have lapsed.

It is these debts - and the counter-claims by agents and managers saying the companies owe them cash either on account of breaches of commission that form the basis of the large sums being fought over.

Another piece of human flotsam from the era is Richard Kidd who - like Fitch - had startling success climbing the insurance ladder. After

leaving school at 16 he was making £15 a week as a carpenter when an insurance agent sold him a policy.

"He came round the next day and said, 'You're a bright lad, you could do this'," Kidd recalls.

From his first job in insurance in 1969, Kidd, now 45, worked his way up in the industry and was earning £200,000 a year in the four years until 1992, in a job running an agency tied to Axa Equity & Law.

That same year he left to join Allied

'I got on my bike, I did everything that Maggie Thatcher asked... Now I've been shafted'

Dunbar, lost his job soon after and is now suing both Axa and Allied Dunbar. He is claiming malicious falsehood against Axa, alleging that it gave Allied Dunbar an inaccurate reference. This, he alleges, led to the company seeking him and breaching his contract.

Kidd is claiming total damages from the two companies of about £2m. Both Axa and Allied Dunbar deny the claims and say they acted fairly and reasonably.

Over the past 34 years Kidd has been unable to find work in insurance. He now works full-time with his wife in their restaurant in Norwich, living in the flat upstairs on about £250 a week and with debts estimated at £1m.

"In the 1980s I got on my bike. I did everything that Maggie Thatcher asked," says Kidd.

"I worked 16 to 18 hours a day, including weekends, making something of my life. Now I've been shafted. They [the insurance industry] might as well have pulled out a gun and shot me."

Also bitter is Victor Tee, who in 1990 lost his £140,000-a-year job running the Winchester Group, an insurance brokerage, after Lauto - the self-regulatory body for insurance which has been subsumed into the Personal Investment Authority - raided his offices. After investigating alleged infringements of industry rules, Lauto issued an "intervention notice" which effectively stopped him trading.

Tee is suing the PIA for £5m, and is having his case reviewed by the European Commission of Human Rights. "I never think of giving up," he says.

Each day Tee goes through legal paperwork, he manifests an important trait of the insurance man - tenacity.

"You have to be determined to sell insurance, and after they get kicked out these guys will go all out to get even," says one lawyer who has acted for several former agents.

A big grudge for many insurance companies is that it has been fairly easy for many former agents fighting them to get legal aid - one of Britain's fastest growing areas of public expenditure and where annual spending has quintupled in the past decade to £1.5bn a year.

Of the total legal costs - estimated at about £20m - of the disputes in the industry, about a third is estimated to have come out of the legal aid budget.

Most of the rest has come from insurance industry funds - an expensive drain at a time when the insurance and pensions market is still subdued.

"The moment you hear they [the former agents] have got legal aid, your heart sinks," says an executive with a big insurance company. "Before you start to sort out the mess, you're raking up £20,000 in costs fighting the case."

The most expensive of the legal cases so far is the one involving insurance company GRE and its former salesman Graham Spring, who sued the company on the grounds that it gave him an inaccurate reference preventing him from getting another job in the industry. The case went to the House of Lords in 1994. GRE lost, leaving it with legal costs estimated at £800,000 plus a settlement of about £70,000 paid to Spring.

Besides Spring, a handful of other former insurance personnel have gained large cash settlements from their former companies, aided in part by a network of lawyers and former insurance executives happy to pass on information about their old companies. The largest sum is believed to have been the £500,000 handed by Royal Life to Shay McGrath, one of its former managers, while the same company also paid £150,000 to David Stewart, another ex-manager.

Other former salesmen - among them Nick Ferrari, an ex-Legal & General agent who faces a bill for £180,000 after a court case last year - have lost their legal fights resoundingly. Ferrari, who faces bankruptcy, says: "In the 1990s, my business was going nicely. I thought I was made."

Paul Graham, a legal executive with Yorkshire-based solicitors Twigg Farnell, and an expert on legal cases involving the insurance world, says he knows of ex-insurance agents faced with claims of up to £1m from their former companies. "The sums involved can be guessed at, but the amount of heartbreak and distress is incalculable," he says.

Secret deals that change British law

Foreign treaties should not be left to civil servants, says A.H. Hermann

Next week, parliament will have the chance to test whether the government really means what it says about being more open. A bill, due for second reading in the House of Lords on Wednesday, would reduce the powers of the Foreign Office secretly to ratify international treaties, handing more responsibility to parliament.

The bill, introduced by Lord Lester, the Liberal Democratic peer, aims to temper the monopoly of the mandarins while still allowing them the possibility of avoiding parliamentary scrutiny if they can say why they object.

Of course, the Foreign Office often falls back on its time-honoured excuse: namely that an attempt to explain the proposed measure would involve "disproportionate costs". And so it often may, since treaties are written in such obscure language. Ministers have limited powers of concentration. And they fear that if they knew what was happening, they might later be accused of having misled parliament.

The bill aims to erode a little of the medieval "prerogative powers of the Crown", which still exist and make a joke of the claim that, in the UK, parliament is supreme. If adopted, it might bring the UK in line with other European countries and the US in terms of international relations.

Since the second world war legal barriers between nations have been reduced by a host of multilateral treaties which affect people's everyday life. Many will bind present and future governments to enforce unwelcome, or highly controversial, regulations which have been adopted by international bodies. Some treaties require governments to curtail their independence in economic, foreign and defence matters.

These are no small matters: the present disagreements in the UK about further integration of the European Union is the tip of the iceberg. Yet under present rules most of the treaties which generate arguments can be ratified without being approved or even properly discussed by parliament.

True, in the British system of elective dictatorship, parliament could rarely deflect the government from its course, but it could greatly concentrate ministers' minds on what they were doing.

Otherwise, ministers may leave everything to Foreign Office mandarins and fail to discover what is going on. This was tellingly illustrated by Margaret Thatcher's apparent ignorance that the course towards European federation was firmly laid down in the Single Market Treaty adopted by her administration, and by the confession of Kenneth Clarke, the present chancellor, that he did not read the Maastricht treaty before agreeing to its terms.

British governments still behave as if international treaties were mainly about secret military alliances or nuptials of princes. They forget that these treaties are about international protection of human rights, cross-border police powers, commerce,

transport, communications, employment, social security, migration and the environment.

All these matters can no longer be regulated only by national laws. Increasingly, they are governed by treaties. The adoption of such treaties without parliamentary approval is, therefore, a denial of fundamental principles of democracy.

This has been recognised worldwide in countries living happily without the Crown's Prerogative Powers. Ratification of international treaties now requires parliamentary approval in the US, South Africa and in all democratic states of Europe.

Nor is Lord Lester's bill the first attempt at curbing the Foreign Office monopoly. It was tried in 1924 by Lord Ponsonby, who grasped the need for democratic control when a member of the other camp as a Foreign Office diplomat. When he became parliamentary under-secretary of state for foreign affairs in the short-lived minority govern-

'So there we are: all put in our place and told not to be cheeky'

ment of Ramsey MacDonald, he snarled into the debate of the Lausanne peace treaty with Turkey a statement that the government desire that parliament should exercise supervision over treaties under certain circumstances.

According to this "Ponsonby Rule", treaties which were signed but not yet ratified would be laid before parliament by successive governments. However, even this has often been neglected. In a written answer at the end of last year, Lord Chesham, a Foreign Office spokesman, stated that the government was not bound by a statement made more than 70 years ago.

So there we are: all put in our place and told not to be cheeky. Lord Lester's bill would still allow the gentlemen from the Foreign Office to keep most of their pacts and agreements under a lid, but would require parliamentary approval at least for the most important. These - usually - multilateral treaties affect existing laws or private rights of individuals or corporations or impose new financial burdens on the UK.

Perhaps the hardest thing for the government would be a requirement to explain to parliament the purpose of each treaty, the reasons for signing it and the likely costs.

Other, less weighty treaties may be ratified if laid before parliament and left without protest for 21 days. And the whole Act can be pushed aside by the secretary of state if he or she decides that the ratification is urgent. He must then tell parliament why. There seems to be no provision in the bill enabling parliament to prevent such hasty ratification but, at least, the press would get a chance to make a fuss.

An opponent of 'Anglo-rican'

Andrew Jack looks at the work of the 40 immortals of the Académie Française

I cannot reveal exactly what takes place in the official meetings held every Thursday at the Académie Française. Just the 40 "immortals" who occupy the chairs of this sacred French institution are allowed to participate. The other initiates are their predecessors, all of whom are dead.

Even so, an observer last month at the "reception" ceremony of a new recruit - the single type of session of the academy to which the public are admitted - would have had a good idea of the backdrop.

The *quarante*, dressed in tail-made green and gold uniforms, march - or more generally, hobble - into their positions in a circular chamber capped by a high-domed and gold-plated cupola, to begin a discussion far removed from the contemporary world.

The academy is a self-selecting group, choosing the successful secret ballot, to a member who dies. Over the years it has approved the membership

of Maréchal Pétain, while rejecting the candidature of Zola, Proust and Balzac. All are jokingly referred to as holders of the non-existent 41st chair.

The members debate in lengthy and sometimes heated sessions once a week, with the purpose of fulfilling the sole official role with which they and the former occupants of their chairs have been charged since 1635: "To give clear rules to our language and make it pure, eloquent and capable of handling the arts and the sciences."

In practical terms, that means the production of a dictionary, purged of words that may be in use but which are considered unacceptable in today's French usage. Yet for such a distinguished group of individuals - numbering 300 over the 361-year history, including Voltaire, Racine, Corneille, Pasteur and Hugo - their output has not been impressive.

In recent years, they have

been delayed by such delicate questions as whether *choriot* should be permitted to be written with a single "r", although its Latin roots and most other related words take two "r"s. For the first time, both spellings are included in the latest version.

Since the original edition of the dictionary was published in 1694, there have been just seven others. The most recent complete version was released in 1935, and in its most recent cognations, printed in the *French Official Journal* in January, the immortals had got so far as analysing the letter "g".

Productivity apart, critics have two other questions: whether the dictionary and the idea of linguistic purity that it symbolises any longer serves a useful purpose; and hence, more fundamentally, whether the academy has become redundant.

Such attacks trigger quick rebuttals from Maurice Druon, a former French minister of culture, an adviser to General

de Gaulle who fled with him to London during the second world war, and was elected to his chair in 1968 at the youthful age of 48, before becoming "perpetual secretary" 20 years later.

He has since done much to revivify the academy's work, launching earnest efforts to produce the ninth edition. While the eighth contained 35,000 words, the new version is likely to run to 50,000, and the aim is to publish it by the end of the century, with future versions every 10 to 15 years.

To speed the process, he has created a sub-committee of immortals to prepare words ahead of the sessions debated by the full academy. They even take work home with them.

They have now got as far as scrutinising words beginning with the letter "m".

From 1983, Druon began, for the first time, to release extracts to the public. He has also made the official dictionary more accessible, issuing a first volume - from A to

Enzyme - including a version in paperback.

Sitting in his study in the academy, a monocle hanging from his neck, he barely waits for the first inevitable question to be posed before launching into his reply. "I am not an adversary of the English language," he says. "I like it and its virtues. I would like English to be the first foreign language of all francophones... and French to be the first foreign language for all anglophones."

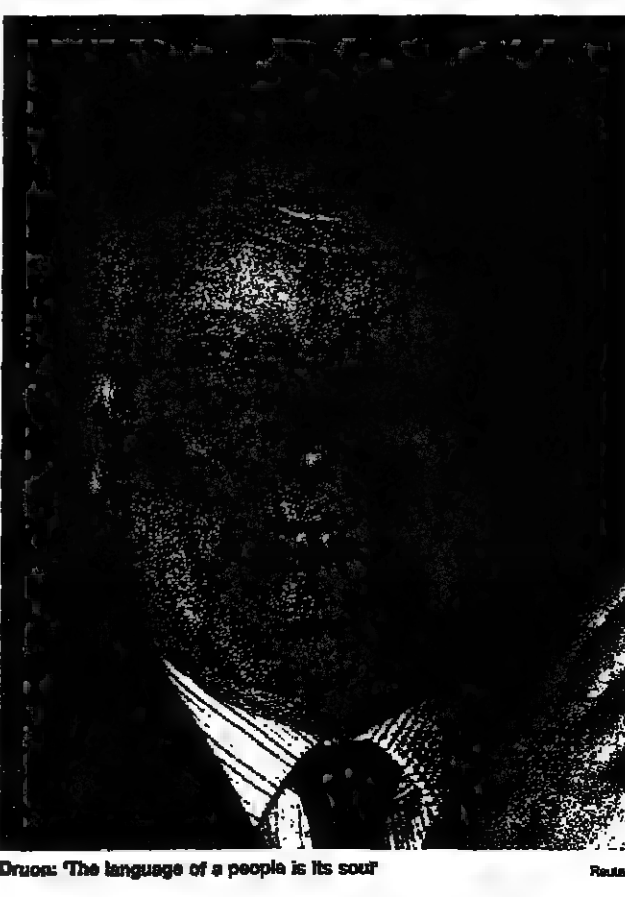
He raises French and English as the best languages in the world, partly reflecting the large number of countries in which they are spoken. But, he argues, French has the edge in some areas - not for its poetry but for its precision.

He says the quality of French has deteriorated in recent years, and blames the education system, which he argues no longer places emphasis on correct usage, let alone Latin, from which the language is most closely derived. "The language of a people is

its soul," he says. "My fear is that in French - and in English - that is being lost. The language of the elite should become the language of the people. That language evolves is obvious. A language which doesn't is dead. But a living language can have problems. There are different ways of evolving."

Hence, he argues, the need for the academy, representing the elite who can act as the most effective arbiters of appropriate usage. He has little sympathy with the suggestion that journalists such as television broadcasters might make useful "immortals", given their immersion in contemporary usage. He calls them "agents of degradation" of the language.

For Druon, many English words which have become widely used in French are acceptable. What he opposes is the growing use of "Anglo-rican", expressions incompatible with French syntax, and above all "the language of the dollar".



Druon: 'The language of a people is its soul'

HOW TO SPEND IT

Crafty ideas for a load of old rubbish

Lucia van der Post enthuses over a recycling exhibition

Recycling has become a politically correct pre-occupation. It covers acres of approving space in the eco-friendly press. But all primitive societies used to do it naturally.

Most dusty African townships are filled with children playing with cobbled-together toys constructed by their parents out of old cans, bits of wire, twigs and anything else they could find. Made with much love and great ingenuity, they often have a spontaneous charm that no mass-produced plastic doll could hope to rival.

Any visitor to India cannot fail to have noticed avid hunters trawling through dust-bins: they seem able to utilise every piece of string, paper, tin or wire for some ingenious practical purpose. When you have almost no income, ingenuity and inventiveness have to take the place of cash and almost everything retrieved is used in some way or other.

In the so-called civilised world we are relearning how to recycle - not out of financial need so much as out of the belated recognition that wasting materials and finite resources cannot go on forever. Although every householder develops recycling ideas of their own, it is design students, artists and craftsmen who have, on the whole, applied themselves and their work most seriously to the matter.

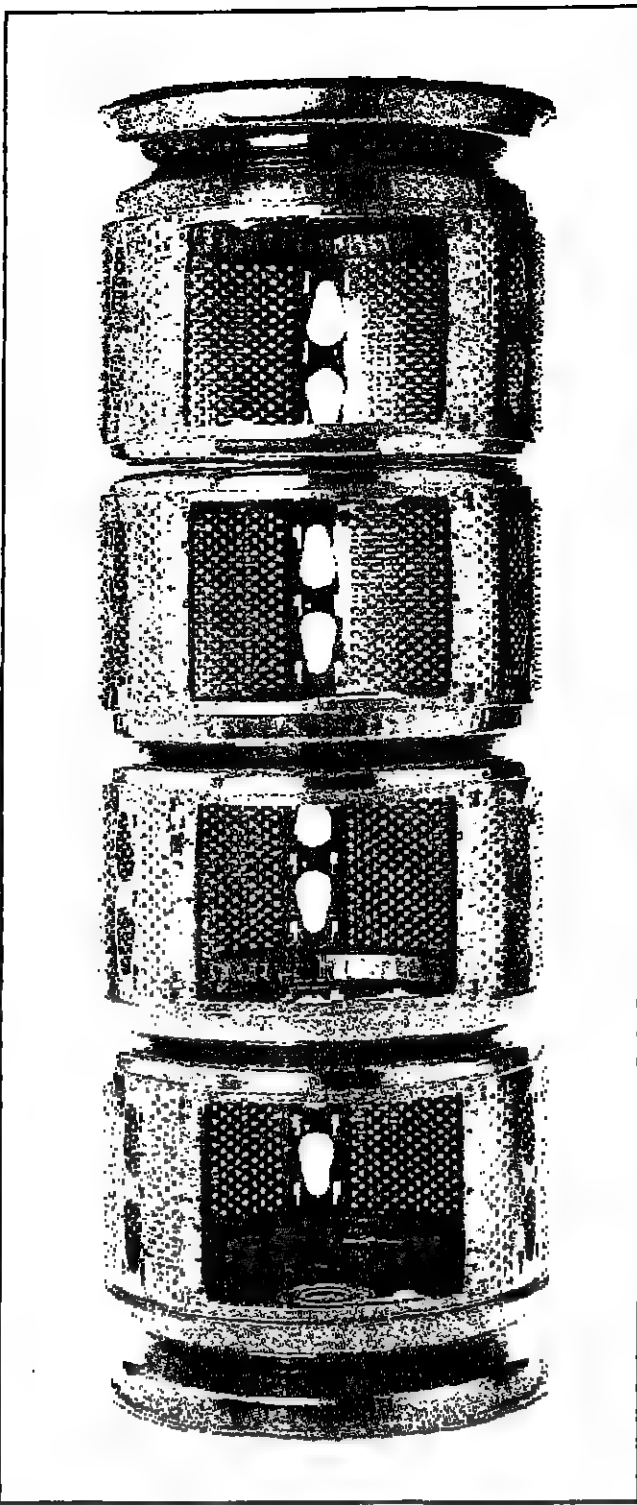
Not only does it challenge their creativity to find new uses for unwanted and rejected materials, but many of them are creatively inspired by the strange shapes and nature of what they find.

As the catalogue to a new exhibition on the subject puts it: "At the heart of the recycling of materials for creative use lies the concept of alchemy. Age-old myths about the alchemical process of turning base metal into gold continues to fascinate and inspire modern artists. They cannot resist the challenge of transmuting something old, rejected, abandoned and despised into something fresh, beautiful and desirable."

I have in the past shown the work of artists who turn driftwood into beautifully crafted birds (Guy Taplin), or who use polystyrene packaging to make strange sculptures (Frances Baruch) or who use recycled industrial felt and plastic chips to make striking chairs (Jane Atfield).

Now, however, at the Crafts Council Gallery (until April 21) there is an exhibition given over entirely to pieces made from abandoned materials.

They range from the strictly



practical (such as Clare Goddard's handbags made from scraps of fabric or Jeremy Dent's garden seat made from aluminium cans) to the mainly decorative (Jam's extraordinary metal sculptures made from the rejected metal drums that usually go into washing-machines).

The range and inventiveness of the designs are breathtaking. Not all are beautiful - or to put it another way, not all will seem universally desirable - but everyone who visits the exhibition cannot fail to be astounded by the ingenuity. It is as if the perceived cheapness of the materials has liberated the creative imagination of the craftsman or artist.

Favourites of mine include the lighting - Sophie Chandler's chandelier made from

used blue glass bottles (2350) is a stunning concept, as is Tejo Remy's lamp made from abandoned milk bottles.

The jewellery makers seem to have found particularly happy end-uses for their "found" materials. Joanna Tinker uses corks, papers, bottle tops and sweet-papers to make colourful and attractive necklaces and bracelets, while Jessica Briggs uses glass buttons to make an exquisitely delicate necklace, and clock keys to make a chunky one. Brigitte Turba turned from conventional goldsmithing to making jewellery from recycled toothbrushes, silver fishing line and bits of plastic window. It is more desirable than many a piece from a posh high street jeweller.

Lizzie Reakes makes en-



Left: Jam - a design team formed by Jamie, Astrid and Matthieu - is sponsored by Whirlpool which gives them the metal drums for washing-machines that do not come up to scratch. Jam started its designing life using fighter-jet parts salvaged from French aerospace drums to make sculptures and furniture. Here, metal drums are used to create a steel sculpture. £250

Above: Jewellery made from laminated sweet wrappers by Joanna Tinker. Brooches from £7.50, necklaces from £35

Right: Sophie Chandler's chandelier made from bright blue glass bottles. £250



chanting rugs from left-over rags and pieces of fabrics and there is a great deal of furniture made from abandoned wood.

All in all, this is an exhibition worth making an effort to see. Everything on view is for sale and if the piece you want has already been sold, most of the craftsmen and women will take commissions.

The exhibition is at the Crafts Council Gallery, 44a Pentonville Road, Islington, London N1 until April 21. It then goes on tour until the following April, stopping off at Walsall Museum & Art Gallery, McManus Galleries, Dundee, Buckinghamshire County Museum, Aylesbury, Mead Gallery, University of Warwick, and Nottingham Castle Museum & Art Gallery.

Not for the faint-hearted

Maia Norman tells Karen Wheeler about her life, loves and creativity

The Turner Prize-winning artist Damien Hirst is a name on many lips. But few will be familiar with his partner, jewellery designer Maia Norman. Yet Norman, a 38-year-old Californian, is an equally creative half of the couple which is at the centre of one of London's most fashionable coteries.

Her bold, attractive pieces of jewellery have already built up a cult following among chic, art world women. Her impact on the fashion world until

now, however, has been restricted to a best-selling, beaded choker that she designed while working (anonymously) for fashionable costume jeweller Erickson Beamon and the pictures of her on Turner Prize night in a Rifat Ozbek dress (sales of which consequently soared) that mimicked one of Hirst's multi-coloured spot paintings.

Now, after a year's break from designing - partly caused by the birth of the couple's 10-month-old son Connor and also the gypsy existence that they

have lived since returning from a sojourn in Berlin - Norman is ready to dip into her supply of semi-precious stones, pick up her tools and take on private commissions again.

Like Hirst's formaldehyde installations, Norman's designs are not for the faint-hearted or for those whose tastes are more traditional. Her work consists of striking cuff-links and rings featuring huge, semi-precious gems or coloured glass cut into graphic shapes. There are oblong chunks of turquoise, oversized squares of lapis lazuli and finger-obliterating rectangles of rainbow obsidian - all set in chunky silver.

Much of the appeal lies in the starkness (I found myself hankering after a silver ring set with a huge circle of rose quartz). They are definitely for modernists and minimalists rather than those who favour fussy or intricate jewellery.

Norman hates anything "too dinky or delicate or anything with too much detail - which is why I use thick metal for the settings". She has made one-off pieces for the actress Katrina Boorman and Jay Chiat of the Chiat Day advertising agency, and has many clients in New York. "My best market in the US is the 40-year-old woman - you have to be very confident and have a clear sense of your own style to wear one of my rings," she says.

Finely boned with long blonde hair and a curiously compelling personality, Norman is hugely popular in art circles. She is quite a looker, a real California girl and very good fun.

She has a strong and individual sense of her own style. For afternoon tea in the relatively sedate surroundings of the Basil Street Hotel, Knightsbridge, (she is more usually

found in Soho's Groucho Club) she is wearing a rubber zip-up top in sky blue, skinny navy iridescent trousers by Patrick Cox and a clumpy pair of Caterpillar workboots. Somehow it works.

Until recently, she favoured Day-Glo colours - never black - and cites John Galliano and Rifat Ozbek as her favourite designers. When Hirst discovered that his distinctive multi-coloured spots on a white background had inspired part of an Ozbek collection it was Norman who persuaded him not to sue.

"I said, 'Don't call the lawyers. Let's call Rifat instead - maybe he can find me something to wear to the Turner Prize'". Ozbek duly obliged.

She becomes very animated on the subject of second-hand shops. "Damien and I are charity shoppers - half my wardrobe comes from charity shops in the Kings Road. You can get some really good quality men's shirts." However, she would not be averse to a nice Hermes coat ("I do like quality").

Along with art, jewellery, fashion and furniture, Norman's other passions in life are surfing (she used to compete professionally) and snowboarding - which she recently mastered on a skiing trip to the Italian Alps.

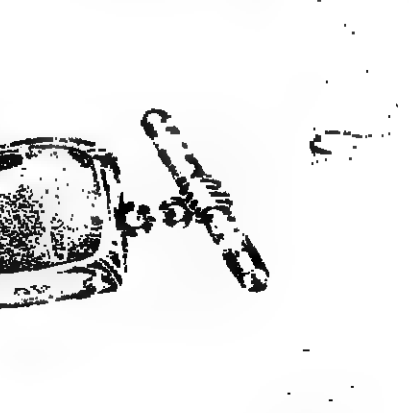
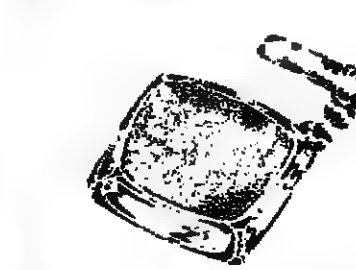
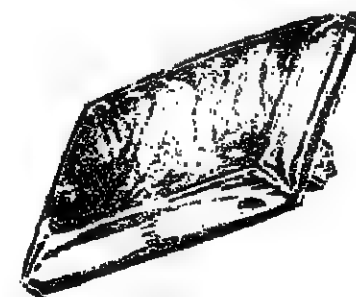
She has had no formal training but has always made jewellery. "Since I was 16". After a childhood in Berkeley, California, she went walkabout in Europe. In Paris she studied fine art at Parsons and socialised with with graffiti artist Keith Haring's set. When she tired of this, she arrived in London with just £50. A meeting on a bus with an old friend from Los Angeles led to the job of designing for the jeweller Erickson Beamon.

"Maia was very creative and



Maia Norman (below left). Her jewellery ranges in price from £250 to £850 and can be ordered through the White Cube gallery

Drawings by Bryan Poole



extremely nice. You could see in a second that she had loads of style and talent," says Vicki Sarge of Erickson Beamon. During her three years there she designed a collection of beaded, multi-strand pieces called Kitchen Sink which were among the best-selling ranges in 1986-87.

Norman's own style has evolved a great deal from an early "urban flotsam and jetsam" look. "I worked with all kinds of garbage - bits of run-over chrome found on traffic islands. I even made earrings from Super 8 porn film and horsehair tassels," she says.

"Then I went through an African bead stage and now I make what I want to wear - at the moment rings and cufflinks." Another fan is art dealer James Birch who held

an exhibition of her jewellery and almost sold out.

At present much of Norman's energy is being diverted into interior decor. The couple's new house is set in 24 acres in north Devon and Norman is determined to have a traditional sofa like a Chesterfield - but in silver leather. "I like the combination of a few new things with older things," she says, "but there is no way I'm having antiques."

The Hirsts' new flat on The Strand, in central London, will be furnished in minimalist style. "All we own are two hot pink swivel chairs by Charles Eames but I can't wait to get one of Damien's spot canvases on the huge white walls. They are fantastic to live with - really optimistic."

The house in Devon has

huge outbuildings where she and Hirst can each have separate studios. It is likely that it will become a hotbed of creativity, with plans afoot to set up a silver workshop and pottery studio as well as an enormous painting studio so that friends who visit can do constructive things rather than "sit around drinking".

Norman has already thought

of the perfect clothes for Hirst. Connor and herself to wear in the country: matching rompersuits. "Nice, warm stretchy ones with Damien's spots all over them."

Prices for Maia Norman's jewellery start at £250, depending on quality and type of stone. Orders can be placed through White Cube gallery, tel: 0171-930 5373.

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مركز الناحيل

FASHION

Renaissance of a British institution

Liberty, the mock-Tudor store, has acquired a loyal and chic female clientele in its two-pronged attack to be taken seriously, writes Richard Rawlinson

Think of Harvey Nichols and one picture a modern department store full of international designer labels, the first choice of the Princess of Wales and the archetypal fashion victim Patsy and Edina in *Absolutely Fabulous*.

Think of Liberty and a different image may spring to mind: a quaint mock-Tudor building, housing floral printed ties and head scarves for home county types and Japanese tourists seeking souvenirs of Little England.

But during the past two years Liberty has steadily become a force to be reckoned with in the battle among London department stores for the affections and purses of London's most discerning seekers after fashion.

And while rivals such as Selfridges and Debenhams are trying to streak ahead with multi-million pound makeovers and injections of big-name designer labels, Liberty's renaissance has been taking a more individual route.

The company has adopted a two-pronged attack which has been tested in the menswear department and is about to be rolled out into menswear.

First, it has quietly won a loyal and chic clientele, of women who want something unique and more adventurous than they would readily find elsewhere.

Its fashion floors have been filled with pieces from the more innovative designers such as John Galiano, Vivienne Westwood, Ghost, Alexander McQueen, Pearce Plonda, Gucci, Helmut Lang, Issey Miyake and Comme des Garçons.

Liberty has deliberately decided to promote British fashion: it is including up-and-coming young talent alongside the more progressive overseas labels. It is a testimony to its talented buyers whose inspired selection from these collections has turned such a potentially risky strategy into a big commercial success.

Second, Liberty launched an own-label womenswear collection two seasons ago, and this has been followed this spring with a full range of men's own-label clothing, both formal and casual.

When introducing an own-label line there is the possibility that, if successful, it might compete with the carefully



Knitted short-sleeved sweater, £40, and navy knitted knee-length skirt, £40

nurtured selection of bought-in labels.

Tom Logan, Liberty's director of fashion merchandising, believes the own-label ranges have a niche of their own, filling the gap in the market between the high-profile designer labels and the high street brands.

Both collections combine modern style with classic English tailoring and come with price tags which often belie their quality and attention to detail.

At times, it seems as if the designers are striving to uphold traditional sartorial values, but cannot resist having some fun with the trends they have spotted on the Paris and Milan catwalks.

The men's collection includes sharply cut, slim-fitting, single and double-breasted suits in traditional cloths and patterns. They are priced around £300.

Shirts are bold, in keeping with today's trends, coming in colours ranging from royal blue and raspberry to orange and lime. Narrow leg trousers with flat fronts and frog-mouth pockets can be teamed with zip-up bomber jackets, polo

shirts and soft, lightweight jerseys.

The womenswear collection has a contemporary air, concentrating on fashionable simple suits and dresses in monochrome or pastel shades. Key pieces include a turquoise crepe box jacket and matching pencil skirt, a white crepe cigarette-leg trouser suit, and short-sleeved shift dresses which come with co-ordinating coats.

But what makes these collections stand out from all the other competing brands in the "contemporary classics with a twist" category is that they draw on the distinctive heritage of Liberty.

Bright floral prints, chosen from the Liberty archives, feature on some of the shift dresses, on men's shirts and are sometimes quickly hidden inside jacket pockets.

Those customers who are likely to pass over pretty paisleys for plain or striped garments in the season's hottest colours will not be disappointed, but for those who have a soft spot for Liberty's aesthetic heritage there will be plenty to choose from. Certainly, the youthful



Building on the Liberty heritage: Aqua Liberty Lotus Print used here for a short-sleeved dress, £110

designers behind the collections - Simon Watkins, formerly menswear designer at Next and Dries Van Noten, formerly of Whistles - are confident that their incorporation of Liberty prints into modern styles will persuade more people to come round to Liberty's way of thinking.

From summer, Liberty will devote the Regent Street building to menswear

Meanwhile, Logan is now focusing his attention on the menswear department's designer label selection in an attempt to bring it up to the level of the womenswear.

"At present we devote much more space to womenswear than menswear," he says, "and we'd like each department to be as good as the other. We're aiming to make Liberty an essential stopping-off point for

anybody interested in buying fashion, men as well as women. Shoppers may think of us when it comes to ties but fewer shoppers think of us when it comes to suits and other more substantial buys."

Liberty is planning a reorganisation of its fashion floors - from the summer, it will devote its entire Regent Street building to menswear while the Great Marlborough Street building (the two are joined by an enclosed bridge over the road) will be given over to womenswear and home furnishings.

The Liberty own-label menswear will take pride of place on the Regent Street ground floor. The basement, which now stocks kitchenware and bathroomware, will house a contemporary designer menswear department, with the latest selections from designers such as Comme des Garçons, Yohji Yamamoto, Romeo Gigli, Jean Paul Gaultier, Helmut Lang and Dries van Noten.

It will also have a big leisure wear section with both the leading and less well-known brands, including Stone Island, CP Company and Massimo Osti Production.

The first floor will stock tailoring and more classic designer labels including Polo Ralph Lauren, Giorgio Armani, Cerruti, Hugo Boss, Paul Smith and Jasper Conran.

There are also medium-term plans to create more space for men's fashion on the second floor, which is used for offices.

Liberty has traditionally attracted the customer who has off-beat rather than conventional good taste.

Quirkiness, a sense of its own idiosyncrasy, is what Liberty knows it needs to maintain. Logan knows that Liberty lost its way in recent years and "these changes mark a return to our roots", he says.

"What we do best is to cater specifically for people who want something a bit different."

Liberty was founded in the late 19th century, selling exotic imports from the East alongside the then contemporary British design of the Arts and Crafts Movement.

It is a tradition into which the complex imagination of an Issey Miyake slots as easily and as well as the more British quirkiness of a John Galiano.



Turquoise double wool dress, £110, and matching double-breasted jacket, £120



From the menswear own-label taupe wool Prince of Wales suit, four button jacket, £175, single pleat trousers, £25, and waistcoat, £25

Motoring / Stuart Marshall Mazda fords the gap

Mazda has made far less of an impact in Britain than other Japanese marques like Nissan, Toyota or Honda. Most people seem to think of Mazda as a maker of sports cars: the fast, thirsty and costly RX-7 with its Wankel rotary engine and the top-value MX5 fun two-seater.

Its 323 and 626 family-cum-fleet cars have been consistently under-rated, although the quality-conscious Germans have long bought them in serious numbers. But the up-market Xedos executive saloons (Mazda's Lexus, in a manner of speaking) are little known in Britain. The car that is about to change things and bring Mazda in from the cold is the new 121.

Paradoxically, the 121 really is a Dagenham-built Ford. (Ford has a large financial stake in Toyo Kogyo, which makes Mazda cars.) Until now, the traffic has been the other way. For several years, a 121 was sold in the US as a Ford Fiesta, while the elegant Ford Probe sports coupé is essentially a re-badged, American-made Mazda. A former 121 lives on as the South Korean-made Kia Pride - which only goes to show that, in today's international motor industry, one does not really know who does what.

But back to the first Mazda to be made in Britain, the new 121, which reaches dealerships in April. It should not be easily confused with the old-shape Fiesta, even though it shares many of its components, because the front looks every inch a Mazda, not a Ford.

The Mazda 121 will be keen value. Power steering and a

three-year, 60,000-mile warranty are standard and prices will start at £7,885 for a 1.3-litre GXI three-door.

A five-door, 1.3-litre GXI or 1.6-litre, diesel-engined DXI will be £8,240; a 1.6-litre, 16-valve ZXI will be £9,485 and £9,940 respectively for three- and five-door models; and a five-door ZXI automatic will sell for £10,865.

Exact price comparisons with the old-shape Ford Fiesta, replaced recently by the bigger

It should not be confused with the old-shape Fiesta

and rounder looking New Fiesta, are difficult because specifications differ. Suffice to say, that a Fiesta 1.3 Cabaret five-door with optional power steering is listed at £8,665, £315 more than its 121 counterpart.

The 121 has two other pluses. Buyers can have a 121 powered by the outstanding, Yamaha-designed, 1.25-litre engine that Ford now fits only in the New Fiesta. And intangibly, but to many potential buyers significantly, the 121 is a Mazda - not a Ford.

Do not misunderstand me. Ford cars are good. Forget the ugly Scorpio, which looks as if it was designed for top people in the Kremlin before the Soviet Union fell apart. The other models - New Fiestas, Escorts and Mondeo - are handsome, refined, comfort-

able, and perform as well as, or better than, class rivals.

For some people, though, the blue Ford badge can be a turn-off. Plenty of motorists have driven Rovers and Saab, Hondas and Volvos, for years and now want something smaller. But they will not consider a Ford: "I would not want to be taken for a company rep" is what they tell their friends.

Sheer snobbery? Of course. But you cannot ignore it, which is why I foresee a bright future for the 121 and, in turn, improving prospects generally for Mazda in Britain.

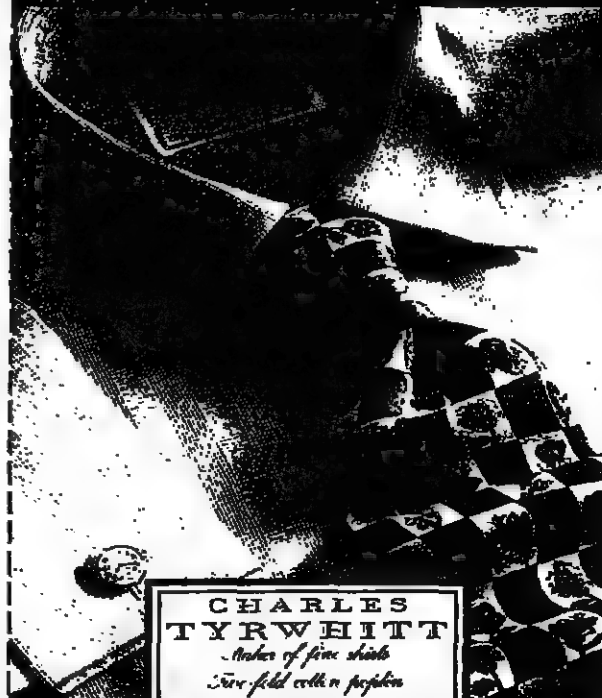
Several thousand British motorists, many of them first-time Mazda buyers, will get behind the wheel of a 121 this year. I am sure they will like it. The only one I have driven so far is a three-door ZXI, which my wife and I thought delightful.

The zippy engine spins like a turbine at high revolutions and pulls uncomplainingly at 30mph (50kph) in fifth. Clutch and gearbox are delicately precise, the ride smooth and the interior, with not a hard edge in sight, as user-friendly as that of a Fiat Bravo.

The front seats are comfortable and uncramped; the rear ones easy to reach by the standards of a two-door car. There is not all that much space in the back for tall adults or for luggage in the boot but this is, after all, a small car.

Previous Mazdas 121s have been a touch eccentric; the new one is mainstream. Attractive without being controversial, it is a happy combination of Ford's engineering expertise and economies of large-scale production with an identity of its own.

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SPORT

Soccer / Simon Kuper

A better way of choosing a nation's chief

The tribal elders are meeting in conclave – but is all that really necessary in football's new age?

Like an ancient tribe choosing its new chief, the Football Association is seeking a new football manager. The FA is great and wise, but it relies for its selection methods entirely on tradition. A headhunter would go about the task rather differently, and so would anyone who had studied football history.

The FA's criteria are revealing. First, it wants the new man to be an Englishman, as are Bryan Robson, Glenn Hoddle, Gerry Francis and Frank Clark, the main candidates for the post.

The FA thinks that as the England manager is a kind of ambassador for his country, he should be a native. It also seems to believe that only an Englishman could feel the holy fire needed to do the job.

Peter Breen, a headhunter at Heidrick & Struggles, disagrees. So would many British corporations. Richard Giordano, chairman of British Gas, is American. Gerry Robinson, Granada's chief executive, is Irish.

If the leading people in a field are foreigners, it makes sense to appoint a foreigner. And most people think that English football has fallen behind that of the rest of Europe. Few would argue that Robson or Hoddle are better managers than Johan Cruyff or Franz Beckenbauer.

Small footballing countries, such as the United Arab Emirates, already accept that they need foreign experts, and there are larger precedents. The Austrian Ernst Happel led Holland to the World Cup final in 1978; the Argentine-born Heleno Herrera managed Spain, France and Italy (not at the same time); the German disciplinarian Sepp Piontek led the happy-go-lucky Danish teams of the 1980s. As for the ambassadorial angle, an England football team boosts the nation's stature by winning, not by losing under an Englishman.

Would any foreigners want to manage England? Many European men of a certain age are Anglophiles. Cruyff, for instance, who turns 50 next

year, grew up just after Britain had helped liberate Europe, in an age when the English were arguably playing the best football in the world.

He remembers England beating Holland 8-2, and as a boy he ate hot English lunches at the home of Vic Buckingham, then the Ajax manager. Later he spent his first foreign holiday driving around England with his chum Michael van Praag, the current Ajax chairman, and today he still speaks perfect English. (Beckenbauer learned his as a player in the US.)

Cruyff's Dutch contemporaries are just as Anglophile. The parents of Nottingham Forest's Dutchman Bryan Roy named their son after the Man-

chester United player Brian Kidd and the Rolling Stone Brian Jones; Arsenal's Dennis Bergkamp was named after Manchester United's Denis Law; and the former great Dutch striker Marco van Basten has a brother called Stanley, after Stanley Matthews.

England should use its emotional hold on Europe's middle-aged men to attract the best manager.

The second demand the FA makes of prospective chiefs is for a track record as a league manager. Breen appears to agree: the winner should have "demonstrable expertise and capability in football management".

This point may seem obvious, but is at least arguable. English managers operate in a backward league. Gerry Francis has done well with Spurs by teaching his players basic footballing virtues, such as fitness and passing; enough to

beat Arsenal, but perhaps not Brazil. And three of the four most successful managers in England in recent years are Scots: Kenny Dalglish, Alex Ferguson and George Graham. Kevin Keegan, the only Englishman in the quartet, seems married to Newcastle.

The most promising league managers are almost by definition tied down, which leaves the FA trying for less promising league managers, like Ray Wilkins ("poor showing at QPR," says Breen) and Howard Wilkinson ("can do nothing right at Leeds").

More successful countries do things differently. The first side Beckenbauer managed was the German national team, which he led to World Cup victory in 1990. Michel Platini, another managerial novice, had an excellent run with France. Cruyff set Dutch football alight from his first days as a manager, with Ajax in 1985.

These men got big jobs because as players they had shown they were born leaders with football brains. Also, as they were icons, their players ran the extra yard for them, and the press gave them the benefit of the doubt.

Cruyff brought in an opera singer to teach Ajax players how to breathe, and he and Beckenbauer were both prepared to lose early matches to create a better team. By contrast, Bobby Robson as England manager explained that he never experimented in friendlies for fear that a defeat would provoke the press. He left no mark on the English game.

Silvio Berlusconi, the Italian media mogul, also looked beyond the usual suspects when choosing managers for his club, AC Milan. First, he headhunted Arrigo Sacchi, a young man with no playing record in his first managerial job with a lower division side.

Sacchi turned Milan into the best side in the world. Then Fabio Capello, a former Italian international who worked for a Berlusconi company, succeeded in improving the team. It seems that Berlusconi, an astute company president with no footballing background, can



Beckenbauer: the first side he managed was the German national team, which he led to World Cup victory in 1990

judge who might make a good manager. And managing the England football team is similar to managing any other business. Breen suggests this when he writes that the new man must have been "a successful decision-taking leader in an environment of open, strong personal relationships".

The FA is also concerned that the new man can deal with the press: that he can speak in sentences, and does not attack his players in public. Breen, too, would look for media skills.

It would help England's international prestige to have a manager who does not swear too much. But spin doctor types may not make great leaders. Men who inspire others tend to have sharp edges. As manager of Germany, Beckenbauer attacked his players in the press. Cruyff, says one of his friends, "is a genius but lacks tact".

Years ago the FA interviewed Brian Clough, another confrontationalist, and asked what would be his first act as England manager. "Sack the

lot of you," said Clough. The most successful English manager of the time, after Bob Paisley, he did not get the job. The corporate men who have won it in recent years – Ron Greenwood, Bobby Robson, Graham Taylor and arch-smoothie Terry Venables – ruffled no feathers but ended up sporting none either. Taylor was polite, did not drink, could say a sentence without swearing and built one of the worst England teams in history.

The FA also insists that the new man should be a full-timer, even though many leading companies have part-time

chairmen. It sticks by this demand, even though it is splitting up the England job. In Venables' place it will appoint a manager and a technical director, who will oversee youth football and longer term planning. This means that the new man's sole task will be to coach England in about 10 games a year.

This hardly seems a full-time job. The manager will have to watch English players – but most English candidates for the job do that in any case. The requirement that whoever takes the post must give up everything else rules out the

likes of Keegan, the most credible English choice.

Full-time England managers always complain about the weeks between matches, when they do little more than read hurtful articles about themselves. Taylor and Robson became obsessed with the papers were saying. The terror under which Taylor must have laboured can hardly have inspired his players.

The best England manager would be either a top-notch foreigner or Keegan, and he should be able to work part-time if he prefers. The FA should not make the

appointment – the recent record of Sir Bert Millichip, Graham Kelly and friends suggests that they lack the knack.

They appointed Taylor; they appointed Venables, and then refused to stand by him over his business affairs, which they knew about when they appointed him; and they watched English club football's descent. They should bring in outside experts to help choose the new man, as many companies would do. But Sir Bert and the other tribal elders will choose the new chief, and the one after that, and the one after.

Gardening / Robin Lane Fox

All-weather shrubs

The cold weather has yet to kill my ceanothus and I cannot say that it is all bad. There have been pale-washed afternoons in which the sun falls magically on the bare shapes of trees and tall shrubs. Last weekend, the pigeons were cooing in the distant woods; the sunlight was falling on some of the rarest trees in England's home counties and, briefly, I preferred winter gardening to anything in the world.

Admittedly, I was back in a happy hunting ground – the Hillier Arboretum at Ampfield, near Romsey, Hampshire – other hunting grounds being too frozen for boof work. Not long ago, I wrote about the witch hazels there – some of my best visiting seems reserved for the Hillier – and remarked that the flowers were unusually frost-proof.

The past fortnight has tested that opinion and, after another visit, I can confirm that these wonderful shrubs are just as beautiful after a savage night as they are in a mild winter. The arboretum owes its backbone to the king of the previous generation of tree and shrub experts, Sir Harold Hillier.

It owes much, too, to subsequent curators, including Roy Lancaster. Nowadays, it owes an inestimable debt to the support and sense of Hampshire County Council who took on Sir Harold's brainchild, perhaps not realising what an unfolding asset they had acquired.

I rather think Sir Harold planted pieced over much of his huge area, adding unusual trees and shrubs as they occurred to him. Twenty years and more have passed and these individual insertions have started to mature into a variety which tests any gardener's knowledge. Perhaps you can identify Viburnum

harryanum from the leaf, but I very much doubt if you would know an Oemleria until you had seen Sir Harold's.

While other botanical gardens have been sitting still, at least in their selection of trees, the Hillier plantation has gone from strength to strength. The witch hazels are one of the beneficiaries. The Hillier collection is now the recognised national collection and, in January or February, anyone can see why.

Bushes and trees with yellow and red flowers loom out of the winter light in clearings or against a background of evergreens. The main Chinese and Japanese forms are represented, but the remarkable sight is the array of hybrids, including forms from the US, the Low Countries and Hillier's own nurseries.

Gardeners tend to prefer the sweet-scented Hamamelis Pallida and, after comparison, I cannot say that they are wrong. However, the tall, upright Sunburst is also spectacular because its flowers are more acid yellow and I would also covet a similar pale form called Moonlight.

Unfortunately, these shrubs are miserable or half-hearted on any soil which has lime in it. They are strictly for people who grow azaleas or camellias, unless you can imitate the initiative of a keen friend of mine who has devised a large tub of acid soil for a single bush of Pallida beside his backdoor.

The witch hazels will hang on until the end of this month, although their peak is past and the third week in January is the high season for future visits.

In the February sunlight, the interest is just as strong elsewhere – among the birches, early camellias, fading viburnums, emergent willows, polished Prunus and a remarkable tree trunk which I mistook for an extraordinary birch tree at

a distance. This titanic, white tree-trunk turned out to be no birch tree, but a tall eucalyptus.

Often, old trees in this family can be flaky and run down. The firm, white trunk of the true mountain gum is an exception. It is named dalrimpleana in honour of a previous commissioner of forests in New South Wales where it is at home. On the arboretum's far slope, it has grown dead straight to a height of 40ft or 50ft, so that the upper canopy of ragged grey-green leaves



does not detract from its impact. The experts all say it is one of the hardest trees in the family and, if I had a park with a hill and backdrop of light woodland, I would certainly have to have one.

If only nurserymen could keep up with Sir Harold's collection, we would also have to have such pleasures as the upright form of Robinia or his early-flowering witch hazel called Advent which really does flower before Christmas.

These plants are still rare and likely to remain so. Never mind, we can visit them at leisure and skip the 20 or 30 years which has gone into their development.

Instead, we can admire the local form of winter honey-suckle, Lonicera purpusii Winter Beauty which is becoming more widespread and is such

an improvement on its parents. Hillier bred it by crossing the two familiar winter honeysuckles and selecting this free-flowering form which has plenty of buds in its early years and lasts from December until late March. Together with Viburnum Deben and Yellow Winter Jasmine, it is marvellously welcome in the bleak season.

"From a design aspect," the arboretum's excellent leaflets explain, "the winter bleakness which most of us dread can be used to a cunning gardeners' advantage."

You may think you have heard that before, a plea for brambles with white stems and my beloved Winter Sweet which does not flower for years. The arboretum will prove you wrong and its own statement to be true.

The cheering proportion of evergreens, bamboos and emerging camellias seems to protect you from the bleakness which most of us contrive at home.

Look upwards, like visitors to an early medieval town: above you, there are probably silver, silky buds on the willows and a dusting of flower on the white winter cherry.

Sir Harold decided what he liked and went for it early enough in life. The rest of us did not know, moved around or fiddled about, growing short-lived campanulas.

Perhaps there are some of you who know an equal arboretum which is not just a ground map for foresters but is also a delight for gardeners too. I cannot think of one and I never find one that always works wonders on the weather when I decide to visit.

It leaves you thinking that there can be no fairer memorial to one person's life, just so long as there is an enlightened council to meet the bills and keep the legacy open for visitors every day.

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Nappa House in Dullingham, formed out of three early 19th century estate workers' cottages, in flint, brick and thatch, costs £300,000



No 16 High Street, Langstone, on the foreshore of Chichester harbour



Irma Cottage in Castor, near Peterborough, is priced at £65,000



Monmouth Cottage in Melbury Osmond, with three bedrooms, beams, inglenook, bread oven and flagstone floors, is all that a cottage should be

Country cottages are not usually a bargain. The reason, more often than not, is that it is dreamers who buy them. They have to pay extra to make their rural retreat dreams come true.

The appeal of cottages is partly that they are easy to run. Opening up and lighting a fire on Friday night and shutting on Sunday afternoon need not be a chore, especially if a local keeps an eye on the house during the week. And cottages are never so large as to demand that the whole weekend is given over to house cleaning.

Often, they are in beautiful spots - in a village (preferably within walking distance of the pub, village shop and church), or along a lane, by a mill or out on the moors.

Old-fashioned cottage gardens with their bedded-out annuals are no longer the temptation they were since the war. Involved makes sense only for full-time cottage dwellers. But cottages still offer the chance of income - by opening

rooms to bed and breakfast visitors, or letting for self-catering holidays.

It is the comforting dream of tradition that counts most. Cottage people look for a slice of old England (or Wales, Scotland or Ireland) that they may believe has not changed for hundreds of years.

Cottages are houses that were built for rural labourers - a group that now barely exists - in the vernacular of the region. In the stone country, they are stone. Elsewhere, they are usually timber-framed; in Devon, with a filling of cob (dung and mud) and, in the chalk country, of knapped flint.

The roof is often thatched, which gives excellent insulation. Inside, expect low beams. Some cottages boast an inglenook or bread oven built into the fireplace. A few still have

the lavatory at the end of the garden.

Pretty and old, even "quaint", cottages let their owners feel part of the enduring values of rural life - and gloss over the tough conditions and miserable wages the farm workers endured in the time before electricity, gas, telephone and running water.

Despite the sentimentality, cottages make first-class second homes. Not that weekenders and part-time incomers are always popular with villagers. Outside demand raises prices - fine when the locals are selling but not so good when young marrieds want to buy a cottage in their village.

If in doubt about the cottage premium, compare the prices of properties listed below with the standardised prices in the Halifax indices. In January, Halifax's average "existing



No 6 The Square, Puddletown, near Dorchester, is offered at £139,000

house" (as contrasted with a new house) cost £60,250.

In terms of space, the Halifax defines an average house as having 5.3 habitable rooms, excluding attics, bathrooms, lavatories, halls and landings, utility rooms, etc. A typical cottage, with two to three bed-



rooms, is comparable. Yet most cottage prices are much above this average, and there is often keen competition, leading to high prices, for cottages to renovate.

In Kent, Strutt & Parker sold a derelict, timber-frame cottage with hanging tiles (in the

Wealden fashion), listed grade II, for much above its guide price of £70,000.

In the 1980s, cottage prices rose alongside the prices for top country houses, says Richard Donnell of Savills Residential Research - until 1989 when the cottage index did not peak as high. Now, the two indices are on a par, except in Scotland where cottage prices have soared - from a lower base. A survey by Knight Frank finds them to be only slightly cheaper than cottages in Gloucestershire and much dearer than those in Wales, Cornwall, Devon and Yorkshire. East Berkshire is the most expensive area for three-bedroom cottages (£300,000).

Here are examples of authentic cottages, unenhanced by additions like conservatories and tennis courts.

The pick of the bunch is

Monmouth Cottage in Melbury Osmond, near Dorchester, in Dorset. With three bedrooms, beams, inglenook, bread oven and flagstone floors, it is all that a cottage should be. Sadly for FT readers, contracts are exchanging as I write (at the guide price of £170,000 through agent Michael de Pelet) - but it shows what is on the market.

A simpler alternative in Thomas Hardy country - at £139,000 through Palmer Snell (Dorchester, 01205-289296) - is 6 The Square in Puddletown, near Dorchester, which has many of the same features.

The white painted Fleur Cottage next to the church in Churchstow, near Kingsbridge in south Devon, had its thatch re-ridged and combed in late 1986. The two-bedroom cottage is semi-detached, which may explain a price of £112,500 - from Marchand Petit (Kings-

bridge, 01548-867588). In Hampshire, 18 High Street in Langstone, near Havant, sits on the foreshore of Chichester harbour, with splendid views and its own mud mooring. This sailor's nest, with hung tiles on the side elevation, began life as a chapel. Henry Adams (Chichester, 01243-633877) asks £117,000.

Hillside Cottage is in Cotswold stone on the edge of the pretty village of Castle Combe in Wiltshire. With four bedrooms, it costs £185,000 from Hamptons (Chippenham, 01249-662777).

In Castor, near Peterborough in Cambridgeshire, the thatch on Irma Cottage was renewed eight years ago. Now the rest of it needs work. Savills (Stamford, 01780-66222) asks for offers above £55,000.

In the same county, Nappa House in Dullingham, near Newmarket, is worthy of a picture postcard. Formed out of three early 19th century estate workers' cottages, in flint, brick and thatch (both red and long straw), it costs £300,000 from Bidwells (Cambridge, 01223-841842).

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TRAVEL

Bulgaria Mysteries of Orpheus still exert their pull

Who remembers John Bloom? Those who participated in the collapse of his washing-machine empire, presumably. Also a few who bought a holiday at a Bulgarian resort, a place with an unpronounceable name in a region they had probably never heard of.

In the 1950s, Bloom foresaw a demand for cheap foreign holidays. So the British capitalist joined hands with the sternest socialist regime outside the former Soviet Union to operate package tours by air from London, via Zurich, to beaches on a nearly timeless sea.

Bloom eventually went bankrupt, but Balkan Holidays survived and went on to become Bulgaria's economic salvation and biggest foreign currency earner. In 1985 - the date of my oldest brochure - a fully inclusive fortnight at Slunchev Brag (Sunny Beach) or Zlatni Piasitsi (Golden Sands) cost £25, the round trip of more than 3,000 miles thrown in.

Once there were six British airports serving the Black Sea resorts in summer and holiday-makers were flocking in from all over Europe. In the 1960s the hotels practised segregation. There was the British citadel, the Austrian schloss, the Turkish kham, the Russian camp and so on.

Apart from receptionists, waiters and camel-ride concessions on the sands, visitors met no Bulgarians. As the summer populations increased, the grassy strips became

proper airports. Holiday-makers could hire ponies and bicycles, eat in ethnic restaurants - the Sheepfold, the Watermill, the Khan's Tent - and were entertained by cabarets and dancing bears. They also acquired a taste for white jam, Turkish coffee and Meink wine at a few pence a bottle.

While the sand and the sea could not be faulted, the diet was healthy enough (Bulgaria is the salad bowl of Europe and the cradle of yoghurt), accommodation in the colour-washed concrete hotels was basic. They all offered one bed, one shower, one tiny balcony and one deck chair a customer and no frills in the decor. Conversations generally turned on the shortcomings of the plumbing and the electricity.

Waiting to land over Varna

or Bourgas today offers an opportunity to see what has become of the Black Sea shore. Albena, with its high-rise resorts in zigzag formation, is prominent. The pale sea supports armadas of rowing boats, sailboats, excursion launches, water-skiers and water-parachutists. A white cruise liner is docking.

Japanese and Belgian tourists are involved in hotel developments all over Bulgaria. There are many out-of-season conferences held on the Black Sea as the rates are cheap and the weather always fair. But the new sophistication of the resorts has been achieved at the expense of the old self-deprecating simplicity.

The resorts are useful touring bases for a land where cultures, like the scenery, clash. Bus excursions are good value,



Albena resorts: high-rise hotels on the Black Sea can offer a good base for touring Bulgaria

although passengers complain they are shown too much in too short a time. Air trips can be combined with the buses: we flew from Varna to Sofia in an hour and took three days to return in a sightseeing bus.

Cheap by western standards is the personal guided tour in your own car, a self-drive car or a chauffeured car. Most of the country is accessible by car, the east-west motorways (which embrace the E5 Istanbul-Sofia-Belgrade highway) are never congested and the old curse of the independent traveller - the need to use only Balkanist hotels and to book them days in advance - has been lifted.

With a driver and a guide, Stefka - young, pretty, no-nonsense - we embark at Bourgas in a Volvo saloon and

head for the Orpheus country, whose mythology Bulgaria shares with Greece.

Ours is a roundabout route, for this is a roundabout country, and we stop to inspect some ancient fishing harbours. With a cargo of market women and live hens, I take a black high-powered boat similar to those favoured by the sturgeon fishermen in the Danube delta, over the navigable length of the Ropotamo river. Stafka, meanwhile, is shopping at Primorsko. The gap between breakfast and lunch is filled with halva, walnuts, apples, biscuits and banitsa, a hot flaky pastry, dripping with cheese and onion.

Night falls in the Rhodopean Mountains. We drive under the Orpheus Rock, where the legendary instrumentalist, looking back, lost Eurydice.

My guide book says that Orpheic mysteries still condition the lives of the *montagnards* who live here. But there is no hint of these mysteries in our hotel at the ski resort of Pamporovo, nor in the cloisters of the Bachkovo monastery on the road to Plovdiv.

Next evening we end up in a poor village with one thoroughfare that is the quicksand of a mountain stream, crossed by a rope bridge. It is the only time on this trip that we find neither inn nor eating house. We dine on cold sausage and raw cabbage and are given three mats to sleep on in the same room.

Later we are joined by two lead miners and an old wolfhound. Everyone snores, none more loudly than the dog. In the morning, I drink a glass

of red wine with our bed-fellows, and promise to convey fraternal greetings to the lead miners of Britain.

Several huge towns are marked on the map of southern Bulgaria, but they turn out to be timbered villages clinging to cliffs. It is mostly desolate country with drowned valleys, pine forests and a rock tunnel for the road. Tourism, so energetically promoted on the coast, is neglected here. But the roads are much improved. I reflect that long ago no track was wide enough to allow two donkeys to pass, and it was in these hills that Helen Stone, a missionary, was held for six months by brigands until ransomed by the Turkish government.

The car drops me at Razlog station. I am to be picked up

again at Plovdiv. Three small green coaches, one of them reserved for nursing mothers, stand in a toy railway siding. My ticket, a torn-off scrap of paper with indecipherable scribbles on it, is for the most exciting miniature railroad in Europe.

The track descends 75 miles through the Pirin Mountains to its terminus at Septemvri, a station on the Orient-Express route in the vale of the Maritsa. It was completed at huge expense and with some loss of life in the 1930s, during the reign of a notorious railway buff, King Boris of Bulgaria. The gauge is 74cm, narrow even for narrow-gauge, but the gorges and rock-shelves will not carry anything broader.

Extra-steep gradients, extra-sharp curves, countless tunnels and viaducts lead the single track through a conservationist's paradise of wildlife, tree and shrub.

We make only two stops, at Jakoruda and Velingrad. The first is deep in minority-Turkish territory in a sunless valley under the snows of 9,700ft Moussala, which used to be known as Sialin Peak. Velingrad is a spa town of the high pastures with hotels, bungalows and a snow-water lake.

At Septemvri the Plovdiv Express is ready to leave. I wave goodbye to the conductor of the train with the small red diesel and make a mental note to do the return journey one day. It costs about £3 and takes you halfway across Bulgaria.

Leslie Gardiner

Eastern Germany

A glorious past rediscovered

lot of jokes are made about Cristo, the Bulgarian wrap-up artist, in the old East Germany. Throughout Saxony you see town squares half-shrouded in scaffolding and plastic sheeting. "As you can see, he didn't only go to Berlin and wrap up the Reichstag," the locals say.

At first glance, Saxony was a daunting prospect. A fearfully complicated history: a string of margraves, land-graves, dukes and elector-princes who ruled ever-shifting principalities; renaissance, baroque, rococo, historicist, Jugendstil and bauhaus architecture; and then a string of cultural heavyweights including Luther, Bach, Goethe and Schiller, Wagner and Liszt.

But they begin to come alive once you see them. I arrived in Dresden, the Saxon capital. The story of the fire-bombing during the second world war is well known, with figures of 86 per cent destruction. You might think that nothing remains of the original city, that it was concreted over in a post-war rush of brutalist optimism, making it an assembly of ugly monuments. While the romance of the old central European city is lost, the clutch of old palaces and monumental buildings along the Elbe has been restored so there is an impression of the capital as it once was.

"Look up, look up," they say, when visiting a city. Dresden positively drips with statuary. The Swinger, the early 18th century orangery and royal pleasure ground (also considered Germany's finest high baroque building), has a soaring host of cherubs, eagles and angels.

The Semper opera house and the Catholic court church (some elector-princes of Saxony were also kings of Poland

and Roman Catholic) are fringed with great Saxons, set in blackened sandstone.

The royal line itself is depicted by the Fustenzing, a 300ft ceramic portrait (made of Meissen porcelain) on the walls of the schloss.

The most impressive feature of the Dresden skyline, as immortalised by Canaletto, is the Frauenkirche. With the help of computerised technology, it is slowly being restored to its former domed and pinnacled baroque shape.

About 10,000 original pieces of stone are lined up waiting to be reassembled, and it is

due to be completed in 2006.

After the footlogging it was pleasant to stop on the Brühl Terrace, or the Balcony of Europe as it was called, which overlooks the River Elbe. The Saxons are great coffee drinkers. So I took some time out in a cafe to watch them, to the strains of Mozart played by a violinist of bankers.

The Saxons are welcoming to visitors. They travel well, apparently. Like the Scots, you will find them all over the world. They are good Germans, too, with an exact and slightly stern formality, behind which lie twin strains

of self-doubt and beer-drinking robustness.

As with national stereotypes, it is always fun looking at traditional enemies. In Saxony there is an excited competitiveness vis-a-vis the Prussians, their "arrogant and self-opinionated" neighbours to the north. In turn, the Prussians consider the Saxons dumpy and slow, their language plump (ungainly).

During the communist years the Saxons got by (another trait), but they are on more even ground now that things are not centrally run from Berlin. And it was in Saxony that

the fall of East Germany started - in Leipzig.

Leipzig was not a capital city, but it has always been a city of trade. Since the collapse of the Berlin Wall, 130 banks have moved in. Many buildings not already restored are under shroud.

The pattern of the medieval town was more visible here, with the tall buildings enclosing the old market square. I followed a sweep of magnificent trading-houses leading to the old City Hall - baroque, rococo, bauhaus, neo-renaissance, communist.

It was not only Goethe's

statue that was so playfully illustrative. Pictured by the same sculptor, Bach stood between St Thomas's Church and the museum dedicated to him, a button undone on his waistcoat for carrying scores while conducting and his pocket turned out to show that he was permanently short of cash.

Leipzig has always been a cultural centre and the cafe and bars are reappearing almost as fast as the banks. The most pronounced differences between the old East and West Germany are in the

country, which seems to have been locked in a time-war for 40 years. Driving out I passed through rolling land with farms and forests, all with a certain pastoral and lazy peace.

A surprising effect of the near-mystical history of the principalities is the number of small capital cities dotted around the area.

I came to Kuesnach, Rindolstadt and Gotha, which had their own castles, courts and monumental buildings. But the best known is probably Weimar, which lies in the state of Thuringia.

Weimar had its golden classical age (Goethe, Schiller and Herder) and a silver age (Liszt); there was a string of grand dukes, Nietzsche, early bauhaus and, of course, the proclamation of the Weimar Republic.

Now there are libraries, galleries and regional museums, all set in the grand old buildings and parks of a pretty German town. Weimar has been chosen as the European City of Culture for 1999 and is gearing up for a renaissance.

The writer flew with Lufthansa. Lufthansa Tour offers a variety of packages to the area (tel: 0171-280 1111). For further information contact the German National Tourist Board (tel: 0171-493 0080).

James Henderson



Looking up in Dresden: a restored city dripping with statuary

James Henderson

Meissen

In search of the white gold

As long as I can remember, there have been some slightly distressed, though elegant, old china cups and saucers in the cupboard at home. "Porcelain from Meissen," I was always told, in an air faint with reverence and mystery; blue onion pattern; you can tell by the crossed swords on the bottom.

So it was a fine thing to have the opportunity to visit the town and to tease out the mystery.

Meissen is a pleasant enough place, a little parochial but quiet and attractive. A medieval quarter stands on a lump on the banks of the river Elbe, dominated by cathedral towers and the white Albrechtsburg castle facade. Cobble streets lead down to the old town square and its baroque buildings; the 19th century fills out the valley floor with tight streets and tenements and then the 20th culminates in an encrustation of brutalist concrete.

Looking around I could not imagine that Meissen was ever a wild place. Instead, its self-assured, rather senior air suits its twin specialties: porcelain and wine.

In fact, Meissen was the earliest Saxon capital, founded in 928, a defensive link on the frontier with the Slavs. But it was soon rejected for lack of space and the ruling Wettin

family moved to Dresden. Its wine was first mentioned in 1161 but it was only in the 18th century that it became important again, when Augustus the Strong, the father of modern Saxony, made Meissen the home of the famous porcelain.

In 1708 Augustus's alchemist, Boettger, discovered a way to make fine porcelain for the first time in Europe. It was so valued that it became known as "white gold". In order to keep the secret of the process, Augustus located the works in the Albrechtsburg Castle. The plot succeeded for a while, although it was not long before the secret got out. In an early piece of industrial espionage someone nipped off with it to Vienna.

The modern porcelain works lie in a side valley in the town, marked by the famous blue crossed swords. I began with a factory tour, through creaky-floored rooms where throwers, repairers and painters ran through their daily routine.

The clay, which is very white and almost iron free, is mostly mined just outside Meissen itself. Before us it was turned and then moulded into cups and jugs; figurines were assembled from smaller moulds - "repairers" actually fashion originals rather than repair them - flowers, hands and flowing robes were pressed

individually and then stuck neatly together before initial firing. After the first firing at 960°C, the famous blue crossed swords are painted on.

Meissen porcelain is still painted by hand, on a pattern created by dusting charcoal over a tracing sheet. There are supposedly 10,000 shades of colour at the factory (guarded with great secrecy), but the

best known is the "cobalt" blue of the blue onion pattern. The factory museum has the most extensive collection of Meissen porcelain in the world - 20,000 pieces, of which 3,000 are visible at any time (when they are not downstairs for copying).

Vast peacocks and huge ornate vases with whole hunting scenes in relief stand on pedestals and there is the 2,000-piece *Schwannenservice* (the Swan dinner service) made for the Saxon prime minister, the Graf von Brühl.

There are many Amoretten, figures of love, but some of

them with an unlikely, brutal twist: a cherub caught in a man-trap, a cherub uniting two hearts - not with an arrow, but in a vice.

Downtown, within earshot of the *glockenspiel* (Meissen porcelain bells, naturally) in the Frauenkirche, is the Vincenz Richter restaurant, set in a half-timbered, steep-roofed town house which was originally built in 1533 as the clothmakers' meeting-house.

Like the clothmakers, the owners of the restaurant have their own vineyard and use the wine in their dishes. I had a wine soup (their risling mixed with cream and the yellow of an egg), which was light and slightly tart and then, after a wholesome Saxon meal of duck breast and potato dumplings, I finished with an excellent *Weincreme* (wine, whipped cream, egg and sugar).

It seemed a natural question to ask: was I dining on Meissen tableware? I turned the plate over and had a look for the crossed swords. Not the proper way to do it.

The owner tells the story of the Queen of Norway's lady-in-waiting, who was equally curious. But rather than turn the plate over, she lifted it and used the back of a spoon as a mirror. She was right to suspect because it was not the genuine article.

James Henderson



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TRAVEL

It was a typically grey winter weekend in Leicestershire but the sun was shining inside the red Ferrari.

Like many middle-aged men, I was itching to drive one. There is something intoxicating about a Ferrari: the absurd cost, the loud colour, the assertive lines, the spartan interior and, above all, the sense of raw mechanical energy. In the 1970s I had gone to Maranello in the rich plains of central Italy to see how these dream cars were built but never got to sit in the driving seat.

So 17 years later it did not take much prodding to head north to Stapleford Park for a weekend of classic sports cars and a drive in a 1984 Ferrari 308 GTB.

The stately home in the heart of Leicestershire's hunting country was converted into a grand, if somewhat eclectic country house hotel by the late Bob Fayton, the larger-than-life American businessman who made his money with the Chicago Pizza Factory fast food chain. Its rooms are decorated by leading interior designers such as Nina Campbell, and among its sponsors are Coca-Cola, IBM, Rover and MGM.

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Combining elegant living with classic driving: Bespokes' fleet of cars at Stapleford Park

Loud and fiery in a Ferrari

table; and Stilton and Madeira in a crystal decanter on the coffee table. Guests can join the local hunts (The Belvoir, The Cotswolds, The Fernie or The Quorn), play tennis, shoot clay pigeons, or, as the note said on my pillow at night, join the Meet of the Per Ardua Beagles.

"I haven't come for horses or hounds but to drive a Ferrari," I told Mark Scott, the hotel manager, who was about to set off on a morning trot.

The Ferrari was waiting in front of the house next to a primrose yellow E-type. They had just arrived as part of a new venture between the

hotel and a north London biscuit and ice cream entrepreneur, who recently launched a self-drive classic car hire company.

The deal involves two nights' stay and the use of a classic car. Mario Budwig has always loved classic cars. "I've always driven classics as my every-day car since I started driving 19 years ago," said Budwig, who runs the Millie's Cookies and Baskin-Robbins ice cream parlour businesses in the UK.

His classic cars venture, called Bespokes, seems to have taken off with a bang. Launched last May, the company soon expects to have £500,000 worth of cars in its fleet.

In fact, Bespokes has two fleets. The principal fleet, with classics ranging from the Morris Minor Convertible to Ferraris and Aston Martins, is for long-term hire as an alternative to company cars.

The initial success of this business persuaded Budwig to develop a second fleet for short-term hire. He felt there was a big market of people worried about the cost and hassle of owning a classic but dying to drive one.

At Stapleford Park he is offering six cars: a Jaguar 3.8 Mk2, an MGA convertible, a Lotus Elan Sprint, a Jaguar E-type V12 convertible, an Aston Martin V8 and the Ferrari.

"Do you know the Ferrari?" asked Jenny Smith, one of Budwig's associates, as she handed me the keys. "Well, yes and no."

I soon discovered it was distinctly no as I tried to put the car into first. The gears on a Ferrari - as everybody should know - are different. First is where second is on any ordinary car. I quickly read the printed notes I was given on how to drive the Ferrari. Second gear is always difficult to engage when the gearbox is cold, I read. Forget second and go straight into third. I was told.

The big moment had finally come. The roar that filled the cramped

cockpit when the engine started was like a shot of morphine. Even crawling out of the drive, the physical and mechanical sensations were extraordinary. The nose pointed like the ground ready to sprint off like an Olympic runner. Out of the gates, the car bombed away, gripping the tarmac. In second gear, doing 50mph on the country road, dipping and swerving like a slalom skier, it gave that sensual thrill of living life on the edge - or at least on the edge of the speed limit.

It was not much fun in the market towns. The car was clearly bothered by traffic. It stalled if not revved. It brought dirty looks from

pedestrians clutching their Saturday shopping bags. Policemen looked suspicious. Little boys were impressed.

The car provoked extreme reactions. On a narrow lane, a middle-aged country woman driving an ungainly Mercedes refused to give way and forced me on to the muddy grass embankment.

A few seconds later a pick-up truck stopped to let the Ferrari go past. The driver smiled, admired and did a thumbs-up. The workers are the real aristocrats when it comes to cars.

The next day I drove the yellow E-type down the same lanes and the reactions were notably different. No aggression, no antipathy, no visible envy. Instead, warm sympathy and admiration for this great classic of the 1960s. Children and their parents lingered around the car when it was parked in town. Other drivers flashed their headlights in appreciation. It was a sweet car to drive and painless.

As for the Ferrari, it was another story. After only four hours of it, I had to go straight to bed. Frankly, it's a second car.

Stapleford Park and Bespokes are offering classic car weekend packages during February and March with prices starting at £65. Details from Stapleford Park, near Melton Mowbray, Leicestershire LE14 2EP. Tel: 01572 781522; fax: 01572 781551.

Paul Betts

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مكتبات الصحف

FOOD AND DRINK

Eating Out / Nicholas Lander

Sushi at a price you can afford

London's Japanese restaurant scene has some welcome new additions

One of my articles on this page in November 1989, about Japanese restaurants, was headlined: "Light, healthy, exciting: a cuisine for the 90s." But I failed to heed my own advice. I should have put my money where my mouth was seven years ago and opened my own Japanese restaurant.

Many others have. The list of central London Japanese restaurants which I obtained from a contact at the capital's Japanese embassy is more than 30 strong including such long-time favourites as Asuka, NW1 (0171-436 5028) and Defune, W1 (0171-95 8311). The list is growing quickly with a second branch of the innovative Mushi Mushi Sushi - where you take your sushi off a conveyor belt - now open in Limeburner Lane, EC4 (0171-245 1808).

In Greater London there are more than 70 Japanese restaurants and the possibility now exists - almost unheard of five years ago - of having a TV supper with sushi, sashimi and yakitori. Last week GEN Catering dropped a sushi take-away leaflet through our door (0171-431 4081 for north London readers, 0171-610 2120 for south Londoners).

Health aside, there are several reasons for this popularity. Japanese dishes are more suitable as take-away food than the Indian and Chinese dishes we usually associate with home deliveries. They are predominantly cold, well-moulded and their flavours do not deteriorate if they are not eaten immediately.

As the Japanese way of life has seduced more westerners, many have returned with alternatives to the expensive meals that were considered the main-

stay of the Japanese way of life. Abeno (0181-205 1113) in the Yaohan Plaza, NW9, which specialises in *okonomiyaki*, a type of omelette, is one example.

Yet it is economics and ergonomics which are the most decisive factors. Japanese cafés, including the good value, rather spartan Japanese Canteen, 384 St John Street, EC1 (0171-533 3222) and other noodle and sushi bars are being opened in locations other restaurants would shun.

In the West End, the Soba Noodle Bar at 36 Finsbury Street, (0171-734 6400) next to Marks and Spencer, and the Cafe Igiraya, 7A Hanover Square (0171-629 4361), offer food of a quality in inverse proportion to their small size.

Their success is shared by Nippon Tuk in SW8. In spite of its proximity to such popular restaurants as Bibendum, Daphne's and La Brasserie, Nippon Tuk has the highest turnover per sq ft of any restaurant I have visited. In an area of 310 sq ft, five staff are employed, none of them Japanese; there are a mere five tables but turnover this year will reach £250,000.

The restaurant was conceived while Michael Haycock, who ran a Japanese restaurant in Wales, and Jeremy Rose were having a drink in a pub and wondering what to do with the site that had been Mrs Rose's jewellery shop. The name came in a flash one day at 5am; Rodney Fitch did the logo and three months later, with £26,000 garnered from friends, they were in business.

Their attention has gone into the food and the design, such as the platters made from Welsh oak on which they serve sparkling *sushi* and *sashimi*.



Simply sushi from Nippon Tuk: cheaper Japanese restaurants are mushrooming in central London

Nippon Tuk has a phone and fax for take-away orders: a rice boiler, knives and mats for rolling the sushi; three fridges; a small stove for cooking omelettes; a large kettle to heat the water for soups and noodles; a fan to cool the rice and three sinks. The largest items I saw in the kitchen were the boxes of polystyrene cups for take-away noodles and soup. The total cost of equipping this particular commercial kitchen was £2,000.

"We don't actually cook anything on the premises," says Rose. "The miso soup and the

noodles come in dried form. They are the best we can buy. What's important is that they taste good and are free from additives, in particular monosodium glutamate."

He added: "We're very busy in the evening with a cosmopolitan crowd filling the tables and coming in for take-aways, although we don't get many Japanese - perhaps because we're relatively inexpensive. But when lunch remained quiet after a few months I went looking for customers."

He found several nearby bars and cafés which Nippon Tuk

now supplies with sushi. Rose came upon the most suitable outlet last November when he opened a take-away *sushi* and *sashimi* bar within Robin Birey's Sandwich Bar in Canary Wharf, E14 (tel/fax: 0171-612 9262).

Every morning Nippon Tuk in SW8 produces 50 boxes of *sushi*, 15 boxes of *sashimi* and the raw ingredients for soup and noodle dishes which are taken across London to hungry City workers in a refrigerated van. By 1pm they are generally sold out.

Rose is looking for other

franchising sites to spread the Nippon Tuk name in a strategy that is a mixture of commerce and altruism.

He says: "The most satisfying aspect of serving healthy Japanese food is that you can go up to your customers after they've eaten and instead of having to ask them, 'Did you enjoy your meal?' you can quite confidently ask, 'How do you feel?' Without sauces or an infusion of cholesterol, they invariably feel invigorated."

■ Nippon Tuk, 163 Draycott Avenue, London SW8 1AJ. Tel: 0171-589 9464, fax 0171-589 8465.

Cookery / Philippa Davenport

Earl of Sandwich's great legacy

When the gambling John Montagu, fourth Earl of Sandwich (1718-1792), demanded a meal he could eat with one hand while maintaining a full house in the other, I am prepared to bet he had no idea quite how popular the type of food that is named after him was to become.

The sandwich is a national institution in Britain, loved, hated and to be found in a million and one guises from daintily crustless vicarage tea party cucumber triangles, to overfilled triple deckers.

The sandwich is to the British what *madeleine* was to Proust. My own particular favourites down the years betray distressingly rough-cut greed rather than refined tastes. I have not recently eaten a sandwich made by clasping together two pieces of fried bread with a smear of Armalade, but I associate it with some of my happier con-

vent school days. Comfort was similarly to be found in bacon sandwiches, a lustier concoction than the American BLT, made on the pitta principle.

A doorstep of bread is toasted lightly, the crust along one edge only is cut off, a knife tip is inserted into the soft crumb thus exposed and the blade is wiggled around to create a pocket into which you then stuff plenty of crisply grilled streaky bacon together with the melted pan fat (no tut-tutting or cholesterol counting, please), a slice or two of tomato and a leaf or two of lettuce. Do not overdo the saladings, however, and add an optional dollop of mayonnaise. Sometimes you may find it more satisfying to forget the veg and mayo in favour of a generous spoonful of peanut butter.

Other body-building meals recommended for those with substantial appetites include bookmaker's sandwich (top quality beefsteak grilled until rare, clamped between two crusty halves of bread with a dab of mustard, wrapped, over-wrapped, tied with string and put under weights until the meat is cold and the juices have seeped into the crumb) and a robustly fishy *pan bay-nac*: tuna, anchovy, black olive and other salad *Nicoise* ingredients packed in crusty bread.

On a more sophisticated

note, I have a particular affection for nannu-thin wholemeal bread and butter wrapped around smoked salmon, lemon and watercress. Such sandwiches are for me quintessential pre-curtain-up food, dating from the theatre parties of my childhood when men wore black ties and women glowed in black velvet with the whiff of an exotic orchid or gardenia pinned to the shoulder.

I hanker regularly, too, for old-fashioned open sandwiches, not the cold Scandinavian sort, but our own hot versions that used to be listed on the Friday menu of the Kardomah Cafe under the heading of Savouries and Things on Toast. Buck rabbit and soft herring roes rarebit in butter or poached in wine are prime examples. So are mushrooms stewed in cream until the liquid is reduced to a sticky veneer.

Nostalgia is only part of the sandwich story. Since the big business lunch was given the chop, the democratic sandwich has become bigger and bigger business. Now it is a megabuck market with half the nation estimated to tuck into sarnies every lunchtime.

Wicker basketed self-employed sandwich-makers tout their wares in office blocks and new sandwich bars are springing up like mushrooms. Most high street chain stores, from Boots to Marks and Spencer, stock a selection of sandwiches. Even sweetshops and newsagents carry some.

The sales appeal of various fillings and different types of bread are studiously assessed. Slow sellers are deleted, trends predicted and new lines are brought in weekly. Plain chicken is a no-no. It must be chicken tikka or chicken that. Tomato has updated its image. Out goes a slippery slice as an additional ingredient. Sun-dried bits in the bread set cash



tille ringing more merrily. The latest gimmick is the tie-in, and the sandwich that its creators hope will become the biggest hit since sliced bread is - wait for it - the Cézannewich, a recipe cooked up by the Tate Gallery and the Pret à Manger snack bar chain to coincide with the Tate's Cézanne exhibition. A designer sandwich for the cultured classes queuing all along the Embankment. Even if you fail to get in, you can enjoy a taste of it at Pret à Manger.

In fact, outside the Tate it is

the hotdog vendors with trolleys belching the stench of stewed onions that seem to be feeding those that wait patiently in line to visit the exhibition.

Who decided on the Cézanne-which ingredients, I wonder? Sun-dried tomatoes, basil and pinenuts may be native to Cézanne's homeland but how did mozzarella and avocado get in on the act? Pears figured often in the artist's still lives, but not avocado pears so far as I am aware. And though he depicted fruit frequently, like most Provencal men, he had a healthy appetite for meat, surely?

I suppose it boils down to marketing man's love of pizzazz and his refusal to forego potential sales to vegetarians. Never mind about the facts. Hitting the headlines and raking in the shekels are what count.

TWO-HANDED CHICKEN SANDWICHES (enough for two very hearty appetites)
This is what I shall take with me to keep up my strength as I queue to try to get into the Tate.

2 sticks/lengths of French bread weighing 100g-125g each; 200g boneless and skinless chicken thigh meat (ready trimmed chicken thigh meat can be bought from some sources but I have yet to find ready prepared free-range chicken thighs so I prefer to trim the meat at home: 3

thighs will probably be needed to yield 200g of flesh); about 1½ teaspoons fresh ginger root; ¼-1 chilli pepper, very finely chopped (optional); 8 spring onions (tender green parts as well as white) chopped; 2 tablespoons chopped green coriander; 2 teaspoons or more freshly squeezed lime juice; 3 teaspoons olive oil.

Bone and skin the chicken joints if necessary, and cut the flesh into strips the size of a young girl's baby finger. Toss it in 1 teaspoon olive oil.

Warm the remaining olive oil slowly in a *sauté* pan or wok with the ginger and chilli. Split the breads lengthwise.

When the oil is sizzling and aromatic add the chicken and stir fry for two to three minutes until tenderly cooked, adding the spring onions for the last 30 seconds or so.

Draw the pan away from the heat. Quickly add the coriander and season to taste with sea salt, black pepper and lime juice. Mix well and spoon the contents of the pan into the split breads, taking care to include every drop of pan juice.

Close the breads in so far as you can and serve quickly while hot, or wrap them tightly in greaseproof paper and foil for transportation. Saladings, such as cucumber sticks, whole cherry tomatoes and wilted chicory leaves can be served on the side for the sake of vitamins. Large napkins are essential.

0171-722 7885.

■ Alastair Little, one of the most influential British chefs, has dared to buck a trend. While all around him restaurants get bigger, he has opened a mere 50-seater at 136A Lancaster Road, London W11 1QU. Tel: 0171-243 2220. Lunch £15 for two courses, dinner £20 for three courses. Open Mon-Sat for lunch and dinner.

Nicholas Lander

Lunch for a Fiver: update

Lunch for a Fiver 1996, the FT restaurant promotion run in January, is now at the stage where it resembles the Eurovision Song Contest - all the questionnaires are in and your votes are being counted. The Food and Drink page next Saturday will reveal the winners and the top 10 restaurants in each category and I will disclose from the many readers' letters which restaurants may have

received "nul point".
■ *The Melting Pot* by Maria Kaneva-Johnson (Prospect Books £19.50, 384 pages), subtitled *Balkan Food and Cookery*, is a fascinating work. Few other cookery books begin with two pages of pronunciation and transliteration of eight different languages and then go on to a lesson in history and geography. After that it is on to 300 recipes, including carp stuffed with walnuts and

light-as-air sweet fritters. A most unusual book.
■ No sooner had January ended than Easter eggs were prominently displayed in the shops. For those with children who for dietary reasons cannot enjoy milk chocolate, a company called Dairy Free and Diabetic Specialist Chocolates is offering a range of eggs and bunnies made from dairy-free, diabetic and carb chocolate. Tel: 0171-723 2366. Fax:

0171-722 7885.
■ Alastair Little, one of the most influential British chefs, has dared to buck a trend. While all around him restaurants get bigger, he has opened a mere 50-seater at 136A Lancaster Road, London W11 1QU. Tel: 0171-243 2220. Lunch £15 for two courses, dinner £20 for three courses. Open Mon-Sat for lunch and dinner.

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EDUCATION

British education has recently discovered a big new selling opportunity - Easter revision courses. While the teaching profession takes its annual opportunity to tear itself apart at a series of seaside teachers' union conferences, many schools will this year take the opportunity to cram children in for an extra week or two of revision.

Ten years ago, even most of the traditional "crammers" - tutorial colleges devoted to informal but intensive work tied to A-levels - did not offer revision courses. These tutorial colleges are now the biggest players in the market, although there are several other entrants.

Two prestigious independent boarding schools also offer Easter courses, as do a few state-controlled further education colleges. There are also an increasing number of specialist operators existing solely to offer revision courses, usually in schools hired for the purpose.

There are several reasons why interest has increased. First, far more stress is put on A-level results. Overall results have improved dramatically since 1988, engendering a fierce debate over whether this is caused by easier exams or improved educational standards. This allows universities to be more demanding about A-level grades.

According to Davies Laing and Dick, a large tutorial college in Notting Hill, west London: "An offer of a place in return for three Bs meant you could still get in without much problem with two Bs and a C. Now universities are far less open to negotiation."

This has made revision courses relevant for more students. Nigel Stoute, of Mander Portman Woodward, another west London tutorial college, says: "When we started offering courses at Easter, we got most interest from students who thought they were in danger of failing. Now we get people who think they could easily get a B or a C without needing to work too hard, but know that that won't be good enough."

The changes in universities themselves have added to the pressure. The number of universities has almost doubled since the beginning of the decade, thanks mostly to the decision to upgrade the former polytechnics. However, this



Tipster: I've passed. David Neaume celebrates results which send him to the London School of Economics

Paying for extra help

John Authers looks at the pros and cons of Easter revision courses

has had the unforeseen consequence of making employers restrict themselves to a smaller number of universities when recruiting graduates. Many say that it is no longer practicable to visit all universities, so they target a few of the greatest quality.

This makes candidates much more concerned to get into one of the better known universities. This is a list which goes considerably beyond Oxford and Cambridge, but does not include all the "old" universities which pre-date the former polytechnics.

The big-city "civic" universities dating from around the turn of the century, such as Birmingham, Manchester and Nottingham, in particular, are very popular, partly because students are attracted by the relatively low living costs. The most popular universi-

ties are able to fill their places as soon as the A-level results are published in the third week of August, and no extra places are available via the "clearing" process. Hence the pressure on A-level results is increased.

"Modular" A-level courses, which are increasingly popular, seem to be a third factor in swelling demand. These take some of the pressure off the final exam, but expect students to take some public exams at the end of their first year in the sixth form. This gives first-year sixth pupils a new incentive to revise at Easter.

Finally, schools are abandoning their traditional suspicion of tutorial colleges. The main revision courses have now had enough time to "bed in", allowing schools to recommend them with more confidence.

Peter Bootmann, principal of Davies Laing and Dick, says

that the publication of A-level "league tables" in recent years has encouraged schools to allow pupils to take revision classes: "The schools are going to be judged publicly on their pupils' A-level grades, so they are happy if someone else helps to improve them."

So what can revision courses offer? Almost all the institutions offering courses stress that they cannot substitute for consistent hard work over the previous five terms.

Instead, they can boost confidence, provide a disciplined learning environment at a time when students can easily panic, and give detailed advice directly to the exam. For those who need it, they can also provide a succinct tour through the content of the syllabus, although these are "revision" courses - built on the assumption that students

will have covered the material at least once before.

As Stoute puts it, people who already have conditional offers from Oxbridge are rare - anyone in that position should have no use for a revision course. Those who need help in disciplining themselves (remembering the frequent refrain in school reports that pupils can do well "given hard work over the Easter holidays"), or whose A-level studies have been severely disrupted, are those likely to benefit most.

Most of the courses have a standard content. Classes are small - certainly not into double figures - and informal. Tutorial colleges can rely on pupils' nerves about exams to enforce discipline, so typically there are no rules beyond requiring attendance at lessons and completing homework.

Typical lessons at Justin Craig Education, the largest Easter revision specialist, start with discussing pupils' strengths and weaknesses, and then look at past papers. Then come mock examination questions. Generally pupils on all courses can expect to write one or two practice answers a day, but this will not take over the day completely.

Justin Craig also gives great attention to essay writing techniques, and tips which might help candidates avoid embarrassing mistakes which will irritate a tired marker working through a pile of scripts.

Courses at Davies Laing and Dick follow a similar pattern. Each day starts with 90 minutes of subject tuition, followed by 75 minutes on examination techniques and 30 minutes of individual surgeries. In the afternoon, students face a daily

test for 90 minutes, almost two hours of subject tuition, and then another individual surgery.

This is very much a standard course pattern, and it is worth asking close questions of any college which differs from it significantly.

The thorniest issue can be choosing a course. Price will, of course, be a big factor (see the side-bar). But there are some other important points.

First, avoid the cowboys. It is not difficult to set up a revision course staffed by teachers with plausible qualifications. They need to provide the expert guidance in dealing with the specific problems of exam technique.

Wendy Johnson, of Gabbittas Educational Consultants, says: "It's important to ask what experience the college has in running that kind of course. If it's an accredited college you can be sure you are looking at certain standards. If it isn't you would certainly want to know how long the course has been running."

In particular, the most reputable operators will be accredited by either the British Accreditation Council, or the Conference for Independent Further Education, or both.

Johnson says there can be problems with Easter course specialists run by individuals if you are not happy with the service. "If you are not satisfied afterwards there's no one to go back to. If it's run by one individual it's difficult for parents to get their money back."

Further, she says, it is important to find out exactly what is offered. In literature and history, for example, the course is useless if it covers the wrong historical period or the wrong books.

She also suggests parents should find out whether the college has a particular speciality - many, for example, specialise in helping would-be medics, who will often be required to score A grades in every subject.

Finally, she says, it is important to look at the character of the college. There are big differences between individual colleges, which might be better known for evening classes for adults, a stay at a traditional crammer (most of which are in large Georgian terrace buildings in London, Oxford or Cambridge), or a brief interlude at a big boarding school. Any might be appropriate, but the final decision is personal.

What to look for

Extra tuition is not cheap, and you will need to shop around for the best deals. Usually you will be quoted the cost for a week's tuition, without accommodation. If accommodation is necessary, courses can usually provide it. It is also worth inquiring whether any extras are included.

While you will not necessarily improve an A-level grade by spending extra money, there may be positive extra features on offer to justify a higher price. Some are more flexible about dates than others, and some - the Easter revision specialists - can also offer a choice of locations.

Justin Craig's courses, held between April 5 and April 14 in some independent schools cost a basic £280 a week (£560 for two weeks), plus VAT. Students seeking a full residential course must pay £340 a week (£680 for two weeks), plus VAT.

Tutorial colleges tend to be slightly more expensive. Mander Portman Woodward in London charges £490 for one week, but Nigel Stoute, the principal, points out that the college, one of the largest, offers separate groups for each exam board. This is a useful service, but it keeps the size of each group small, thus increasing the cost.

Davies Laing and Dick charges £375 a subject, with an extra £45 an hour for individual tuition. Millfield, arguably the best-regarded boarding school in the country, and one of the most expensive, is a different kind of institution, but its charges are surprisingly close to those of the competition - £410 for residents and £335 for non-residents.

Access to the school's formidable sporting and recreational facilities is included with the fee, and must be a considerable extra perk.

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1996 EDUCATION FEATURES

The proposed schedule for 1996 Education Features in the Financial Times is as follows:

EDUCATION COURSES REVIEW
SUMMER SCHOOLS - 13 APRIL

EDUCATION COURSES REVIEW - 17 AUGUST

TOP 500 SCHOOLS - 24 AUGUST

EDUCATION COURSES REVIEW - 31 AUGUST

TOP 1,000 SCHOOLS - 26 OCTOBER

All the above features will appear within the Weekend FT apart from the Top 1,000 Schools which will be a pull-out Tabloid supplement.

For further information please contact:

Charles Whitewood on
Tel: 0171 873 3503 Fax: 0171 873 3098

مكنا من الفصل

BOOKS

There is one word in this book which seems to sum up the whole sorry Barings affair - "shaggle". This is the unit of account that people like Nick Leeson used to describe the money they made trading on the securities exchanges. It is grubby, deliberately lavatorial, and it shows the depths to which Barings, "the Queen's merchant bank", had sunk by the time Leeson finished it off exactly a year ago.

This is only one of many books that will doubtless constitute a hefty Barings genre over time, but Stephen Fay is clear about the purpose of his account. It is to lay out the case for the prosecution of Leeson, a case which, he points out, has never been heard in full because Leeson pleaded guilty at his trial in Singapore. Fay is dismissive of Leeson's plea in his television interview with David Frost that he got sucked into illegal dealing because he wanted to cover up the mistakes of others and, having done so, needed to keep going to protect their bonuses.

Instead, Fay argues that Leeson went to Singapore in 1992 intent on making his shaggle by whatever means he could. Fay recounts, as a novice settlements clerk in London, Leeson had uncovered dodgy

deals involving one of Barings' institutional customers where the manager was using his clients' money to trade on his own behalf. The whole experience "was a crucial stage in Leeson's further education: working for the business development group was like an intensive course in finance".

Once in Singapore, Leeson helped set up the famous 88888 error account, in itself fairly standard procedure. However, instructed a Barings computer consultant to alter the programme so that it did not send full trading details back to London in its routine daily report. "This was not the action of a dedicated settlements clerk," says Fay. "It could only have been designed to deceive the office in London."

In the Frost interview, Leeson said the 88888 account was

first used to park a £20,000 trading error by one of the Singapore clerks. In fact, records on the Singapore exchange show that he began to use the account 10 weeks earlier, on the day it was opened. "It is clear that, from

THE COLLAPSE OF BARINGS
by Stephen Fay
Richard Cullen Books £20, 300 pages

the start, Leeson was intent on a substantial gamble with the firm's money."

And so it progressed. The bungling Leeson sank deeper and deeper into his costly mire, always hoping for that unlikely turn in the market that would transform all his options into gold. It is a convincing case that Fay puts forward, and he is rightly dismis-

sive of the conspiracy theories which suggested Leeson was colluding with management.

The main weakness, however, is that Fay never got to speak to Leeson himself. The book is based largely on the two official reports into the collapse, by the Bank of England and the Singapore authorities, and on the full transcript of the Frost interview, only part of which was broadcast.

This means that we do not hear Leeson's responses to Fay's specific accusations. Fay can only speculate about Leeson's motives, viz. those shaggle (more for status than cash), popularity with his colleagues, and pleasing his wife Lisa. Probing more deeply Fay suspects there may have been a streak of class resentment. Leeson, the upstart from Watford, putting the boot into the blue-blooded nobles at Barings. But this book is more than

an investigation of Leeson's motives. Fay is an experienced writer on City affairs and he explores to good account several of the big themes in the Barings story: Barings' blundering entry into the unfamiliar world of securities dealing, and the extraordinary incompetence and greed of its management.

There are particularly good passages at the height of the crisis when other merchant bankers gathered at the Bank of England to plead for Barings' rescue because its collapse would cause irreparable damage to London. But Eddie George, the governor, resisted pressure to draw on taxpayers' money, rightly as it turned out.

Fay makes little effort to disguise his cynicism about the City. He thinks that the management of Barings was so poor that the bank would probably have lost its independence without Leeson's help. It had strayed so far from its path, it was short of capital and had lost its executive flair. This may upset readers who feel that Britain lost something valuable when Barings fell. But his tone is very much in tune with the times. Too much of the City is living on its past, and too little of it is aware of the future. Times have moved on since the days when Barings ruled the world. It sank with barely a ripple.

Crime Vice Miami style

Since Ponce de Leon traipsed through the Everglades in search of the Fountain of Youth, Florida has been a playground for con men and hucksters. Carl Hiaasen is fond of pointing out that the legendary orator, lawyer and presidential candidate, William Jennings Bryan, was paid \$100,000 a year, at the turn of the century, to "shill" for Florida land speculators.

Hiaasen's concerns about the character of his state may get more attention now that his last novel, *Strip Tease*, has been made into a movie with Demi Moore, but he worries that, rather like the body count in *Miami Vice*, it may just make it look more appealing.

Hiaasen's books are concerned with the land, but filled with speculators. He sees Florida as a hothouse which nurtures crooks at both ends of the food chain. It is no coincidence that animals play large parts in his books: in Hiaasen's Florida, the lizards walk on two feet as well as four.

Hurricane Andrew is the backdrop for *Stormy Weather*: "44m people have the arrogance to cram themselves in between Palm Beach and the Keys, directly in the major hurricane path," says Hiaasen. "Then they can't believe it when Mother Nature says 'excuse me'." The hurricane unleashes two sons: one, owned by the hero's uncle, is literal; the other is the figurative manager of thieves and politicians, looking to make a quick buck off the hurricane's devastation. And the everyday

STORMY WEATHER
by Carl Hiaasen
Macmillan £15.99, 317 pages

SUITABLE FOR FRAMING
by Edna Buchanan
Simon & Schuster £15.99, 243 pages

people, armed to the teeth, are looking for revenge or protection. The scene is set.

Aligned against this are a couple of honest cops, our hero chasing his uncle's lost animals, a newlywed whose husband wants to record the pathos on his honeymoon camcorder, and Skink, a recurring character in Hiaasen's books, a former governor of Florida who disappeared and now gathers "roadkill" and lives in the swamps.

It might not sound like the recipe for laughter, but it is. And despite Hiaasen's touch for comedy, he recalls another Florida crime writer, who also expressed his concern for the state while crafting his thrillers. *Stormy Weather* is more like John D. MacDonald's *Condorminium* than his Travis McGee books, but like MacDonald, Hiaasen also brings his stories together in a climax with as much bravura as the hurricane. Love and nature have their moments of triumph, but the greedy Florida world moves on.

Hiaasen writes a twice-weekly column on life in Florida for the Miami Herald. His colleague Edna Buchanan was the Herald's crime reporter, covering 5,000 murders and winning a Pulitzer. Buchanan's first novel, *Nobody Lives Forever*, suggested that she was directing her prodigious talents into presenting a Miami shanty town with betrayal and ambiguity. She has since switched to writing a series about Britt Montero, a crime reporter on a Miami paper.

Montero's Miami is a careerist's paradise. "We have it all: war, murderous weather, foreign intrigue, spies, refugees, and hand-to-hand combat in the streets. What more could a writer want?" She seems to have embraced the ethics, if not the methods, of south-Florida consumption: her closest friend sometimes appears to be her brand-new T-Bird car.

The bulk of *Suitable for Framing* is actually a story about newsroom politics and rivalry, which builds slowly into an engrossing paranoid dilemma, only to peter out into a very stale whodunnit.

But not before providing one of the funniest lines I have read in a mystery since I gave up the Hardy Boys. Montero's friends have met to give her support, as she has been charged with murder.

"What can I do?" Mrs Goldstein asked.

"Cookies," Lottie said. "Lots of cookies, chocolate chip. We're gonna need energy for this case."

Don't move, this cookie is aimed right between your eyes.

Michael Carlson

In search of gold

David Lascelles on the case against Nick Leeson



The Russian folk hero Ilya Muromets on his winged horse, depicted by I. Bilbin in 1900: men of "superhuman" stature and abilities are celebrated in the myths and histories of every nation. In "The Hero - Manhood and Power" (Thames and Hudson £8.95, 96 pages, 132 illustrations) John Lash explores the hero as the incarnation of masculinity at its most noble.

Hate in his heart

David Pryce-Jones uncovers a neo-Nazi conscience

Ingo Hasselbach used to be one of the most notorious neo-Nazis in Germany. Over six-foot-six, blond and tough, he fitted the Aryan ideal. At least his many people admired them. Early in 1993 the German neo-Nazi movement looked like falling into his hands.

Unexpectedly he began to question himself and his goals. It must have taken great courage to write this renunciation of everything he has previously stood for.

Confusion and guilt were built early into his life. His father, a convinced communist, abandoned a wife and family when he fled in 1964 from West to East Berlin. There he met the woman who later became Hasselbach's mother. Remote, not to say inhuman, he paid little attention to anyone else. A stepfather proved as bad.

Like so many Germans in his generation, Hasselbach grew up without personal or social

or moral certainties. In his opinion, West Germans lied about the past, East Germans lied about the present. Soon he was a teenage delinquent.

The Stasi, or secret police in the DDR, had no idea what to make of him and his anti-social friends. According to *doctrine*, if you were not on the communist side you were by definition a Nazi. If the state considered him a Nazi, Hasselbach decided, he would show them what that meant.

Hasselbach is better at describing the manifestations of his hate than at analysing its origin. Once the Berlin Wall came down, he and his friends met up with opposite numbers who similarly hated and rejected West Germany. "I had always dreamed of becoming a terrorist," he says,

rightly adding that he had much in common with other extremists who were rivals in name, whether anarchists or the Baader-Meinhof gang. Michael Kuhnen spotted Hasselbach's potential. This sinister man had already "altered the boundaries of political

FUHRER-EX: MEMOIRS OF A FORMER NEO-NAZI
by Ingo Hasselbach
Chatto & Windus £10.99, 384 pages

rebellion in Germany", being the first to break the Nazi taboo. Imitating Hitler in dress and manner, he set up several Nazi fronts, organised demonstrations around Nazis like Rudolf Hess and instigated the attacks on immigrants which have become a feature of daily life.

The German government has always claimed that these mobilisations and street-battles have no significance, amounting merely to youthful misfits letting off steam against authority. Hasselbach explodes

this complacency once and for all.

Just as the Baader-Meinhof gang was financed and directed from Prague and Moscow, so the neo-Nazis were integral members of a worldwide movement co-ordinated from the US by one Garry Lauck. A prominent anti-Semite, he was among the first to deny that the Holocaust had taken place. Hasselbach gives vivid character sketches of Lauck and his agents, and several dubious millionaire backers.

Hitler remains their model. Most of the neo-Nazi appeal derives from nostalgic misrepresentation of the days of German military might. Anti-Semitism, however, is no longer the supporting ideology it was. Indignantly claiming that there was no mass-murder of Jews, neo-Nazis are unable to explain why so few Jews are now alive in the country nor how those few can still be responsible for its ills.

Kuhnen had the organising skills and populist rhetoric to become the new Hitler. With hindsight, Hasselbach sees him

as a replacement for the father who had cruelly rejected him. Kuhnen died young of AIDS, and the neo-Nazi looked to Hasselbach as his successor. At first he mounted yet more aggressive demonstrations and laid in weapons with which to realise the dream of terror at last.

Politicians and the security forces, he says, turned a blind eye in unspoken sympathy. A mass-movement was in the making.

Hasselbach seems to have recoiled from the consequences. Conscience perhaps made an imperfect fanatic of him. His programme shocked a new girlfriend. Decisively, a German hippy film-maker won his trust and friendship and went on to suggest that there were alternative modes of rebellion.

The deed of violence, Hasselbach understood, harms the doer. Taking for granted his own victimisation, he had also made a culprit of himself.

Rescued as much by luck as by judgment, Hasselbach describes a whole country thrashing about like him, between extremes of frustrated nationalism and inchoate idealism. Anyone trying to peer into the European future should read this revealing search for an acceptable and guilt-free German identity.

Michael Carlson

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BOOKS

A journey through the American underclass

That the poor are imprisoned in poverty is our fault, argues A.C. Grayling

When Peter Davis was mugged a few yards from the front door of his New York apartment building, it gave him a mission. The mission was to go in search of an explanation of the Underclass - the profoundly poor, the dispossessed, the damned in what Davis calls "an American hell."

What prompted him was the sense that the mugger, head blurred in a stocking and waving a "thick, potent, military" .45 under his nose as he and his wife shakily handed over their wallets, was an enemy. The poor are our enemies, says Davis, and this is no surprise: for we make them so, by waging war on them. We blame the poor for being poor, single mothers for being single, the ineducable for being uneducated, the prisoners of desperation for being imprisoned. We call for welfare cuts. Very soon we find the problem of poverty so baffling and intractable that we turn away. And poverty goes on, blighting the lives of millions and corroding society at its base.

Davis, an award-winning journalist, travelled through the dangerous neighbourhoods of America - more like third world zones than city suburbs - to confront "America's hell" by talking to the poor in their own physical and mental habitats. In successive chapters he records his observation of the effects of profound poverty on children, teenagers, adults and the elderly.

The young distressed him most, adults taught him most. He saw the young as absolute victims of their parents' hopelessness. Neglect, poor education, abuse, early introduction to substance abuse and crime, had

done their work before these youths were far into their teens. One, whom Davis calls Kelso, had been vilely abused as a child; his father left him down a well for nine days, an uncle gave him gonorrhoea. Down the well Kelso ate "parts of a frog and some maggots" to survive, but the maggots made him vomit. Where was his mother when his father beat him and, on one occasion, slashed his throat with a broken bottle? "Getting stoned," Kelso

IF YOU CAME THIS WAY
by Peter Davis

John Wiley and Son £15.95, 202 pages

told Davis.

But the stories did not have to be so dramatic to produce the same result: directionlessness, and an almost complete social impotence resulting from shirked education, inarticulacy, drug-dependency and imprisonment in both the mentality and geography of the ghetto.

From adults Davis learned that "the poor" as one of them put it, "aren't who you think they are. They may want what you want and not be able to get it." Davis thought this the most profound observation he had ever heard on the subject. We think the poor create their own problems because they have different motives from the rest of us, and anti-social and wrong-headed ones at that. But most of the poor do not wish to be poor; they wish to work; they desire independence and a decent life. Yet for many of those mired in poverty and its desperations - especially for those born into it, already living its life before they know the difference - poverty is a prison. "Learning to read, finding a home, stopping drugs, being

accepted into job training," says Davis, "can be achievements as significant as that of a paralyzed victim who slowly, agonizingly, learns to wriggle a single toe."

Who are the poor? We the unpoor seem deliberately to avoid answering. Best estimates for the US - suggest that 60 million people are poor; that 26 million of these, half of them children, are dependent on soup kitchens or emergency feeding programmes; that between 12 and 15 million of these, in turn, are persistently, intractably, Underclass-poor.

These latter Davis calls "our helpless ones". They are "the widow found with her legs frozen in her

own urine after the heat was shut off, the family of six fighting with rats over rotten potatoes, the brother and sister arrested after killing a travelling businessman for his pocket change." Why is there such poverty? What can be done to help people out of it?

By the end of Davis's account of 1990s poverty in America - and the problems are similar in Europe - one is feverishly eager for answers. But as with so much else, there can only be answers if the questions are correctly framed. So the first thing to grasp is that the causes of poverty are many, and mutually potentiating. Note that Davis's account does not misplace an emphasis on race: two thirds of America's poor

are white, one third black and Hispanic, although this means that a disproportionate number among ethnic minorities are poor. Rather, it is the conspiring effect of some combination of deprivation, discrimination, addiction, instability, retardation, homelessness and illiteracy that creates poverty: "the underclass is composed of people with such diverse problems we might usefully label them the several underclasses instead of trying to corral them all together," Davis observes. There are many routes into poverty, but very few out.

Characteristically for an American, and unsurprisingly for an age when conservative rhetoric is the dominant western political dis-

course, Davis sees government as only part of the answer - and even then in somewhat negative terms; he reports one pauper saying that Newt Gingrich's views are right because "the rich man has to feel free to invest or he won't open his wallet to hire fellows like me." In the same vein, Davis puts part of the onus on capitalism itself: "Why," he asks, "are drug-dealers the only entrepreneurs on ghetto streets?"

But neither tack holds much hope for the diagnosis just given, that in its sources poverty is a Hydra. What we want is a Hercules of a solution to cut off as many of its heads as possible. And that means: many solutions, all at once, to break off the cycle of deprivation, and to

reclaim the lost - along with all their possible talents - for society.

The rest of us should emulate Davis in noting our responses to the poor: our distaste, our guilt, our annoyance at the beggars who in effect demand a toll from us to walk our own streets. But this is our fault; it is the fault of our imagination, compassion and political will. If we think we save ourselves money by cutting welfare and anti-poverty programmes, we deceive ourselves, for far more will have to be paid in the long run, and not just by starving children and wasting adults, but by ourselves - the smallest instalment of which falls due when, for example, we meet the mugger in the stocking mask.

A rascal - but a true genius

Only at the keyboard was Arthur Rubinstein really himself. The love he conveyed through his music was ecstatically returned by his audiences. They did not mind how many notes he dropped - whole basketsful of notes, said his wife Aniele - and even the music critics stopped noticing.

But away from the piano Rubinstein's need for love was insatiable and often destructive. The musician who grew to an immense professional stature over 80 years of performing remained, at home, a child.

The most moving part of Harvey Sachs's exhaustive biography is the testimony of the pianist's own family: his betrayed wife and apprehensive children. His daughter Eva says of his concerts: "There I saw my father's real face and I felt my father's real self. It was only then I could love him completely." Aniele (Neia) said he looked "inspired and wonderful" while he played. His

son John remembers an angelic generosity flowing out of his father in those moments. Then, "whatever that needy, greedy, narcissistic thing of his was, it was at its minimum".

Rubinstein had two prodigious gifts: one, his facility for playing the piano, the other, charm. His power of communicating from the keyboard was so great that for years it aroused suspicion among the cognoscenti. They tried to regard him as a mere virtuoso with a showy and sometimes flawed technique - which was unfair because Rubinstein, if he did nothing else, retrieved the music of Chopin from the exaggerations of super-romantics like Paderewski. Eventually critics such as Klemperer were forced to admit their mistake.

Rubinstein's private selfishness and sexual gluttony, tirelessly catalogued in this biography, sprang from a strange childhood. Born in Lodz in 1887, he was an unwelcome seventh child who his mother had planned to have aborted. The infant prodigy grew up apart from his parents under the wing of the great violinist Joachim and came to feel ashamed of them, then felt guilty for feeling ashamed.

He was dreadfully spoiled. As a child it was chocolate, later it was women - preferably ones old enough to be his mother. He demanded uncritical adoration because he was afraid that people loved him for his talent, not for himself. He was deeply suspicious, bore grudges, raged and was cruel. He was called profligate, superficial, a pleasure-seeker and a dandy.

But music was his second nature. One witness described the curly-headed boy of 12 playing a difficult Bach fugue. Asked to transpose it to A flat minor, he paused a second then repeated the whole thing again, by heart, in the new key.

ARTHUR RUBINSTEIN

by Harvey Sachs
Weidenfeld & Nicolson £25, 525 pages

After one public concert he decided to play a Mendelssohn Song Without Words as an encore. But nothing came. So he improvised a piece in the same key. No-one noticed except his teacher Heinrich Barth, who told him he was "a rascal - but a genius".

Playing came so easily to Rubinstein that after the age of 14 he

virtually stopped practising. He took up sex instead. After forcing him to study Tchaikovsky's first piano concerto before performing it in Scotland, the conductor Emil Mlynarski, his future father-in-law, declared: "If Arthur only wanted to work really hard, he would be the greatest pianist in the world."

After his marriage in 1932 - he was 44 - he began to work seriously at the keyboard, though he told a pupil never to practise more than three or four hours a day or she would know too little of life to be expressive in music.

He never gave up pilfering in spite of what he led his beautiful bride to believe. At the age of 83 he met the 24-year-old Annabelle Welles, and decided to leave Neia and spend the rest of his days being spoiled by his new conquest. The

clash of testimony between the wife and the young usurper makes painful reading: Sachs says he has censored nothing - even though in 1982 Welles became the fourth wife of Lord Weidenfeld, publisher of this book.

A virtuoso of Rubinstein's calibre can afford, perhaps, to live without rules, without roots or even real relationships. And Rubinstein was not a vicious man, even if he could be cruel. He was generous with his money, a wonderful raconteur, genuinely charming and frank enough to admit that he was "scared to death" of the Chopin Endes, which was why he did not record them.

And he was brave. He would never let an audience down. He played while suffering from shingles, food poisoning and pneumonia. He performed the massive

Bach-Busoni Chaconne after slamming his right hand in a chest of drawers so that it made his daughter physically sick just to watch him having to negotiate the piece with a useless fourth finger.

Harvey Sachs has performed a labour of love in recreating Arthur Rubinstein's life. If anything he has been too thorough. But the paradox of Rubinstein's career - a career which gave music to people but put music above them - comes through clearly. It is the moral tale of a man who imagines life can be lived for enjoyment.

Rubinstein gave his last concert at 89 and died in 1982, close to his 96th birthday. The last piece of music he heard was a piece composed the year he was born, Brahms's Double Concerto. He had first heard it played by the two men, Joachim and Hausmann, for whom Brahms wrote it. That is musical longevity.

Christian Tyler

Fiction/Iain Finlayson

Chinese whispers with humour

Amey Tan's *The Hundred Secret Senses* follows the international successes of her first two novels, *The Joy Luck Club* and *The Kitchen God's Wife*. She gets it right again.

The first paragraph is the perfect hook: "My sister Kwan believes she has yin eyes. She sees those who have died and now dwell in the world of yin, ghosts who leave the mist just to visit her kitchen on Balboa Street in San Francisco."

Kwan is the older half-sister of Olivia Yee, who is five years old when this disturbing, beaming, apparently crazy woman arrives to live with her family and drive her nuts with midnight tales of Chinese ghosts. For the next 30 years these become disturbingly visible in the living world of Olivia's normal American life and marriage to Simon.

Kwan believes herself to be the reincarnation of a Chinese peasant who became attached to Miss Banner, a loose woman obliged to associate with missionaries 100 years ago in China. Miss Banner has become reincarnated in Olivia, and Yiban, Miss Banner's lover, has returned from the world of yin as Simon, from whom Olivia is attempting to separate herself.

Kwan's implacable sense of destiny results in a trip to China for herself, Olivia and Simon. There, in the little hidden village of Changmian, the 100-year-history of Amey Tan's historical and modern characters, and the 100 secret senses needed to combine them, are brought together in a reconciliation

THE HUNDRED SECRET SENSES
by Amy Tan

Flamingo £15.99, 321 pages

KATHERINE
by Anchee Min

Hamish Hamilton £15.99, 241 pages

A CHOICE OF EVILS
by Meira Chand

Weidenfeld & Nicolson £16.99, 461 pages

that Kwan perhaps had anticipated all along.

The sheer buoyancy of Amy Tan's writing, her spirited genius for storytelling, the gusty humour, the unsentimental expression of emotion, the sharp dialogue and the sheer verve of the narrative as it bounces along from modern San Francisco to 19th-century provincial China, is entrancing. If there are faults, they are not evident on a first, exhilarating reading, when any disbelief is immediately suspended, from the confidence of the first lines to the sharp inevitability of the last.

The everyday brutality of Chinese life, so shocking to the sensibilities of the western mind, is sharply expressed in the honed language of *Katherine* by Anchee Min. Her own experience of early life as a Red Guard in Shanghai gives an immediacy and harrowing authenticity to her story of the effect on her Maoist pupils of a young American woman, Katherine, who arrives in Shanghai to teach English.



Amy Tan: a spirited genius for storytelling

Katherine is the very spirit of the western world - liberated, sexy, radical - and bound to get seriously into trouble with the Chinese authorities. Anchee Min, like Amy Tan, approaches the period of China's cultural revolution through the medium of an American interpreter, who gives her readers access to manners and morals otherwise closed to our full understanding. It is an alarming, perceptive, terse and mature achievement.

By comparison with the miniaturist Anchee Min, Meira Chand's *A Choice of Evils* is a sprawling epic set against the background of the Sino-Japanese war, from the time Japan annexed Manchuria in the early 1930s until the end of the second world war. It is a narrative based closely on real events. Real people are intermixed with Meira Chand's own fictional characters, caught up in her drama and her interpretations of actuality. There is a conscious rounding-off, when the novel ends with the Tokyo war crimes tribunal, adumbrating the

new, post-war Japan which, as a resident of Kobe, Meira Chand knows at first hand.

Inevitably this is a more conventional novel than either Tan's or Min's: the writing is more consciously pedestrian and, seemingly, more effortful, as though significance has to be imposed upon characters and events which do not always speak eloquently or evocatively enough for themselves. Amid the detail of the emotional and physical landscape - and there are some fine passages that mark the writer as distinguished - there are the mountains and rivers of historical incident that, with a sigh and a concentration of will, have to be crossed and climbed.

That said, there is enough drama in the events leading to the terrorising of Nanking, enough insight into the Japanese character, enough personal triumph and tragedy, to sustain a long narrative that holds the attention and gnaws at the certainties we take for granted in a time of relative European peace.

Where social rules reign over law and order

The showgirl, one of the eye-fluttering clones on Silvio Berlusconi's television channels, asked the veteran star in a honeyed voice: "You must tell me how to vote, because I don't know anything about politics". He, with a magnanimous smile, urged her to support "our president of Fininvest".

The exchange took place on prime-time TV during the run-up to the 1994 elections which swept the media tycoon to power. One could not help viewing the bewildered girl as a metaphor for Italy.

Matt Frei, the BBC's Southern Europe correspondent, resists such temptations and argues instead that the country's electorate is rather sophisticated. This is one of his rare appreciative remarks in a perceptive book which is devoted to analysing the perversions of Italian-style democracy rather than extolling the country's virtues.

Frei's manuscript was finished before last summer's referendum, when Italians voted to allow Berlusconi to keep his TV channels. If Italians had really been getting angry by the conflict of interest which the tycoon embodied, as Frei suggests, they could have tried to rebalance his unique privileges. Instead, they signalled their tolerance for a new Sun King with a result which highlighted the country's relaxed views on the exercise of power.

Frei is right to insist that many Italians are still strangers to the concept of accountability in public life. "In Italy, power is not there to be checked and screened, it is above all to be respected and exploited as

a source of patronage", he writes. The Italian's deference to seniority and group affiliations also, I believe, leads to obsequious social relationships and inadequate rewards for achievement.

The State is often perceived as a big bully because its unwieldy bureaucracy has almost completely separated it from its citizens. Frei rightly singles this out as a reason that social rules are obeyed more rigorously than laws.

His book is historically accurate, although I would have liked more on what Luigi Barzini, author of

ITALY: THE UNFINISHED REVOLUTION
by Matt Frei

Sinclair-Stevenson £20, 300 pages

The Italians, called the phenomenon of "flexible, selective obedience". Barzini considered it the product of a succession of foreign masters dominating Italian soil until the late 19th century: "They could be pacified with tributes and adulation", he wrote, "and almost always easily deceived".

I cannot bring myself to listen to the famous Neapolitan song "Torna a Surriento", since I learned that its heart-rending plea: "Famme campà" (Let me live) was meant to be addressed to a government minister. Little wonder then, that the servile courting of power in order to obtain jobs has resulted not in allegiance to the law, but in loyalty to patrons who were "always expected to sin".

Italy's stop-go attempts to reform herself - what the late Moana Pozzi,

the porn star turned parliamentary candidate, described to Frei as the "coitus interruptus of the Italian revolution" - is caused, he argues, by the tribal structure of Italian society, its fragmentation into families and fraternities and diffidence towards the concept of State. It says, is the biggest obstacle to change: "It has undermined civic responsibility and obstructed reform".

Another cause is wittily identified as the people's "mystical aversion to the obvious", a tendency to over-complicate the simplest things. More serious seems to be the treatment of "original sin as a kind of opt-out clause for personal responsibility".

The author's conclusion is gloomy: Italy is not yet ready for collective change. The qualities that would make her "the closest thing to paradise on earth" - culture, humanity, inventiveness and humour - are not enough. I have never heard of the ornate coffee-drinking rules Frei jokingly conveys in order to portray Italian society's deadly rigidity, but I am glad he mentions a critical moment in the political history of the past two years: when Roberto Baggio missed the crucial penalty against Brazil which cost Italy the 1994 World Cup. He argues that the country would have attributed such a famous football victory to prime minister Berlusconi's political wizardry. That is why I was surely not alone in my relief when the "Divine Ponytail" famously blasted the ball over the crossbar.

Maria Chiara Bonazzi

مكتبات الفصل

The strangest thing about the movie year to date is the neck-and-neck race between two trends. Speeding down the inside track in Regency bonnet and finery is the graceful "Jane Austen". Snorting alongside, possibly from the effects of a cocaine-filled nosebag, is the headstrong, high-living "Las Vegas".

These sub-genres, for all their seeming mismatch, have one common feature. Women are at the centre. In the Austen films (*Persuasion*, *Sense and Sensibility*, soon *Emma*) a flutter of fine actresses move through the world of love, irony and etiquette: a world American audiences are taking to their hearts as keenly as British ones. In the Vegas films (*Shogun*, *Leaving Las Vegas*, this week's *Casino*) women dominate again, this time embroiled in vice rather than virtue.

From this unlikely double stable Emma Thompson, Sharon Stone and Elisabeth Shue are all in contention for the year's Best Actress Oscars. And in other modern films - like *Waiting To Exhale* and *Dangerous Minds*, or the soon-to-reach-Britain *Strange Days* (futurist thriller with Angela Bassett as chief trouble-shooter), *Copycat* (murder mystery with Holly Hunter and Sigourney Weaver) and *How To Make An American Quilt* (Winona Ryder and Anne Bancroft in an all-white *Waiting To Exhale*) - women are starting to be not just costars but main movers in the plots.

You do not have to be a film reporter to be startled by this, though it helps. For years up to now the cry in Hollywood has been the same: "No good parts for women." The many times Oscar-nominated Susan Sarandon, in contention again this year for *Dead Man Walking*, once told me: "I don't think there are that many good parts for men or women. It's just that even in bad films it's the man's problem the story centres on. The woman is there as a shallow characterisation or caricature at best."

Sarandon picks classy scripts. But the complaint is the same at the popcorn end of the spectrum. Linda Hamilton, of the *Terminator* films, bewails an industry where it has been hard for women to find any role between Amazon and ingénue.

"In most action films the heroine is there as 'the woman the hero wants to save, or get back.' Either that or she's rendered useless as a fellow-warrior. After *The Terminator* I had a hard job getting any soft or vulnerable roles, even though those were what I had played before. Hollywood sees

Women in the picture

Virgins, victims or vixens? Nigel Andrews looks at female movie roles and Hollywood sexual politics



No good parts for women? Past stars Katherine Hepburn (left) and Greer Garbo (far right) proved otherwise, as do current Oscar contenders Emma Thompson (centre left) and Sharon Stone (centre right)

you as your last movie part. With men the ability to play different roles brings an acknowledgment that you may be able to play lots of roles. Women just get typecast in a different way."

It could be said that cinema has moved in this direction for half a century. Since the heyday of Garbo, Davis, Hepburn and their ilk, when women devoured great roles year after year, female characters have existed mainly as handmaidens to the males. Husbands set the dramatic agenda while wives set the table. Heroes conquer the world while heroines queue up to be part of the spoils or in rare cases are degenerated to become co-fighters. And occasionally a sex icon like Marilyn Monroe embodies in one polyanthropic figure all moviegoing man's undernourished desires.

Film-maker Paul Schrader believes the relegation of women to passive or caricature roles began with the post-

war backlash against female emancipation. "It's the same fear that created *film noir*. Men came back from the war to find that women had been liberated into the work force, or had 'liberated' themselves from their husbands or boyfriends. It was one reason the country became obsessed with marriage and family values in the 1950s."

And beyond. For almost three postwar decades, screen women who were not virgins were victims or vixens. Even in the radical 1960s/early '70s, enlightenment and equality did not spread to sexual politics. (Try to remember a three-dimensional woman in *The Trip* or *Easy Rider*.) Believable heroines, like Jane Fonda's living, breathing prostitute in *Kluge*, were so rare that they highlighted the tyranny of the norm.

When feminism crept in around 1980, matters got worse. Films were made not about women ascending but about men descending: ador-

ably, vulnerably, hilariously. They tended uncontrollably to *Three Men And A Cradle* or *Look Who's Talking*. Or they went through yuppie-panic comedies like *Something Wild* and *After Hours*, in which scheming females waylaid stressed executives.

Men were still the audience's identification figures. Women on screen - again with a tiny handful of rule-breaking exceptions like the heroines brought to memorable life by Meryl Streep - incarnated their fears and fallibilities.

Almost the only corner of far-western cinema since the war where women have been presented consistently as human beings is low-cost or semi-independent cinema: the world of John Cassavetes, Paul Mazursky, late Woody Allen, Henry Jaglom. When the pressure is off a director to justify

monster budgets or feed patriarchal studios with toys-for-boys films, a new universe of female portrayal has opened up.

For Jaglom, who made *Can She Bake A Cherry Pie?*, *Someones To Love* and the new, widely-praised *Last Summer In The Hamptons*, the explanation for Greater Hollywood's gender prejudice is simple.

"The studios believe there is a demographic centre to their audiences which supports these hugely expensive action films. It varies, but the most recent core filmgear was something like a 14-year-old boy in Des Moines, Iowa. They make the movie for him, so he'll go back three times taking someone with him. And of course girls don't take boys, boys take girls. Most of these studio people are stunted adults; they're 14-year-olds themselves. So they don't have a hard time with these silly movies. And women are expendable as target filmgear, they've decided,

because they'll go with men to the movies."

Yet things may be shifting even as Jaglom speaks. The day after meeting him I spoke to director Arthur Hiller, now president of the Motion Picture Academy. It had been a long reign for male chauvinism, he agreed. "But I do think it's changing. There are now the strong stars again, the Julia Roberts, Sharon Stones, Michelle Pfeiffer, Sandra Bullocks. Nothing goes at one level, it goes in cycles and curves. We film-makers don't know what's gonna happen tomorrow, or we'd all make box office smashes."

As the venerable Hollywood motto goes: Nobody Knows Anything. And who could have guessed the climatic shift whereby yesterday's starlets are suddenly becoming today's stars, even actresses.

Elisabeth Shue, who did bimbo duty for Tom Cruise in *Cocktail*, turns in spellbinding work as a ravaged prostitute

trying to pin her life together in *Leaving Las Vegas*.

Sharon Stone, who once looked as if her ambition was to be pornography's ambassador to mainstream cinema, takes *Casino* from the grip of De Niro and Pesci and shakes it to life as an unfaithful, hell-raising wife.

Meanwhile Emma Thompson pushes feminine chutzpah into the delicate world of literary adaptation. No one should

have been surprised when she chose as director for her Columbia-backed *Sense And Sensibility*, opening in Britain this week, not some pale flower from the James Ivory school but a Taiwanese-American social satirist called Ang Lee.

"Neither Emma nor I wanted to make a 'woman's movie,'" insists Lee. "When I mentioned that idea to Emma, she said she wanted to dig a hole and hide! She said the film should be for everyone. Even though females are the leads, it is about all people, in their hearts men should be touched and amused too."

As Lee realises, if one way to ensure that a gender is a ghetto is to make no films about it at all, the other is to give it its own special flower-garlanded corner.

The heartening thing about the Jane Austen/Las Vegas double whammy is that in both sets of movies women are interacting with men as adults and emotional equals. They are defining as well as being defined by the opposite sex. And they are running the gamut from gentility to abandonment and back again, leaving the men for once looking dazed and stationary.

Female movie mobilisation may be happening off screen too. *Waiting To Exhale*, a four-character portrait of black womanhood, has astonished white manhood in Hollywood by its audience demographics and behaviour-patterns. Groups of women are going again and again, without male escort, and reacting volubly during and after the screenings.

Probably these women cannot believe that TimesTown has made a film for them and about them. Ten years ago movie feminism seemed an embarrassing misfire, producing little but reactive male chauvinism or tokenist PC rhetoric. Today - call it the post-feminist age - the message may have dropped when no one is looking. Just when everyone thinks the battle of sexual politics is quieting down or going away, in some parts of western cinema it may already have been won.

So Liz Forgan has resigned. Why is not clear since her abrasive new-broom manner and values seemed ideally suited to the boss of radio in the British BBC. Doubtless there is material there for tongue-in-cheek satire; but you will not find it in *Mightier Than the Sword*, Radio 3's "spoof arts magazine".

Despite the presence of warm, witty, and wonderful John Sessions, John Bird, Rebecca Front (one of those super comic actresses from TV's *The Day Today* and *Alan Partridge*), the fun rarely sparkles. First, perhaps, because high culture is a sitting duck along with mock-academic portentiousness (as Alan Bennett has shown hilariously); secondly, our range of reference is so much more restricted than it used to be. Peter Sellers and Irene Handl were wickedly funny sending up the old Home Service Critics. But what aspires so high today? The painstakingly mated *Kaleidoscope*? The costly awe-stricken *Gambacini*? The mediocre self-satisfaction of television's *Late Review*?

Without pretensions there can be no pretentiousness. The French are both heroes and villains of cultural pomposity - and cultural pride. Oh for some unabashed cultural pretentiousness back on the BBC.

It is surely unthinkable that the BBC has taken to heart the old jingle about tickling the public and making them grin, as opposed to teaching the public - "and you'll never be rich: you'll live like a beggar and die in a ditch." *Tickle the Public* is a fascinating new series (Monday morning, Radio 4) devoted to the development of the tabloid newspaper.

The first instalment charted the rise of Alfred Harmsworth, Lord Northcliffe, whose *Daily Mail* might be said to have started the trend as we know it late in the century. He launched

Radio/Martin Hoyle

In the tabloid spirit

what might be called the "ram-it-home" school of journalism, the unrelenting big campaign. Thus, when deciding that wholemeal bread was good for Britain, he decreed that it should figure in a story a day. He had other obsessions, equally sensible you may think: in 1906 he ran a futuristic thriller serial, set in 1910, about a German invasion of England, ordering a slightly rambling Teutonic advance through the scripted isle ("the battle of Sheffield", "attack at Epping") to ensure patriotic local sales.

Northcliffe's Mail compares favourably in its prescience with next week's subject, *Beaverbrook's Daily Express* which in 1926 threw John Logie Baird and his television invention out of the lobby ("that madman might have a knife") and whose historic headlines have included 1936's "No War This Year or Next Year Either", "Hailsham Premier" and "Charles to Marry Astrid - Official". But the Express added to the gaiety of the nation with its dedication to jollity. Catch Monday's recollection of the pre-war equivalent of Bingo: insurance. Registered readers were entitled to 50 if they died at work, £100 on a bicycle and the jackpot of £25,000 for a reader and his wife killed in a railway accident.

By the 1930s hispanics thundered against the tabloids' delight in sex and crime, not to mention the sort of trivia that seems to have stepped from the columns of the Express's own beloved *Beachcomber*. The observation of Lady Dorothy Mills, for example, who after a sojourn with the

"human leopards" of West Africa explained that the cannibals were "very cheery" and had made no attempt to molest her as they found women tasted rather bitter; or Mrs Smith-Wilkinson who spent £30,000 a year on clothes while allowing her husband eight shillings a week to live on bread and dripping.

The BBC is still gentler and less trivial in its news approach. Wednesday's *Today* visited two families still living with the aftermath of previous IRA bombings. A policeman who lost the calf muscles from one leg is still in pain; his wife must rub in ointment every day. A family remembered the 15-year-old girl killed in the City; her little sister still feels the pain; her father mentally includes the dead girl in their ordinary lives as a way of keeping her alive and coming to terms with normality.

In all cases the coverage was modest, undramatic and moving: tactful journalism done with restraint and compassion in the best BBC tradition. For how much longer before the tabloid spirit takes over?

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20 Oct Mahler: Symphony No 1 (1st & 2nd)
21 Oct Tchaikovsky: Piano Concerto No 1 (1st & 2nd)
22 Oct Brahms: Piano Concerto No 1 (1st & 2nd)
23 Oct Beethoven: Piano Concerto No 5 (Emperor) (1st & 2nd)
24 Oct Schubert: Piano Concerto in A (1st & 2nd)
25 Oct Liszt: Piano Concerto No 3 (1st & 2nd)
26 Oct Mahler: Symphony No 1 (1st & 2nd)
27 Oct Tchaikovsky: Piano Concerto No 1 (1st & 2nd)
28 Oct Brahms: Piano Concerto No 1 (1st & 2nd)
29 Oct Beethoven: Piano Concerto No 5 (Emperor) (1st & 2nd)
30 Oct Schubert: Piano Concerto in A (1st & 2nd)
31 Oct Liszt: Piano Concerto No 3 (1st & 2nd)
1 Nov Mahler: Symphony No 1 (1st & 2nd)
2 Nov Tchaikovsky: Piano Concerto No 1 (1st & 2nd)
3 Nov Brahms: Piano Concerto No 1 (1st & 2nd)
4 Nov Beethoven: Piano Concerto No 5 (Emperor) (1st & 2nd)
5 Nov Schubert: Piano Concerto in A (1st & 2nd)
6 Nov Liszt: Piano Concerto No 3 (1st & 2nd)
7 Nov Mahler: Symphony No 1 (1st & 2nd)
8 Nov Tchaikovsky: Piano Concerto No 1 (1st & 2nd)
9 Nov Brahms: Piano Concerto No 1 (1st & 2nd)
10 Nov Beethoven: Piano Concerto No 5 (Emperor) (1st & 2nd)
11 Nov Schubert: Piano Concerto in A (1st & 2nd)
12 Nov Liszt: Piano Concerto No 3 (1st & 2nd)
13 Nov Mahler: Symphony No 1 (1st & 2nd)
14 Nov Tchaikovsky: Piano Concerto No 1 (1st & 2nd)
1

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Gidon Kremer, accompanied by pianist Kevin Gray. The soprano performs songs by Schubert, R. Schumann and R. Strauss; 8.15pm; Feb 25

● Mitsuko Uchida: the pianist performs works by Schubert and Schoenberg; 8.15pm; Feb 28

DANCE
Het Muziektheater Tel: 31-20-5518117
● Cinderella: a choreography by Frederick Ashton to music by Prokofiev, performed by Het Nationale Ballet; 8pm; Feb 27, 28; Mar 1

OPERA
Het Muziektheater Tel: 31-20-5518117
● Die Frau ohne Schatten: by R. Strauss. Conducted by Hartmut Haenchen and performed by De Nederlandse Opera. Soloists include Thomas Moser, Ellen Schaefer, Jane Henschel and Albert Dohmen; 1.30pm; Feb 25

BERLIN

CONCERT
Konzerthaus Tel: 49-30-203092100/01
● Schicksal: by Brahms. Performed by the Berliner Symphoniker with conductor Alun Francis, the Sing-Akademie zu Berlin and the Singakademie Potsdam; 4pm; Feb 25

● The London Philharmonic: with conductor Franz Welser-Möst perform Brahms' Symphony No.3, Mozart's Symphony No.34, and Stravinsky's Petrushka; 8pm; Mar 1

● Philharmonie & Kammermusiksal: Tel: 49-30-254380
● Kammerorchester C.P.H.E. Bach: with conductor Hartmut Haenchen, violinists Thorsten Rosenbusch and Ulrike Eschenburg and cellist Jens-Peter Mainz, perform works by Vivaldi, J.S. Bach, C.P.E. Bach and Haydn; 8pm; Feb 25

OPERA
Deutsche Oper Berlin Tel: 49-30-3458401
● Die Meistersinger von Nürnberg: by Wagner. Conducted by Rafael Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Wolfgang Brendel and Eva Johansson; 8pm; Feb 25; Mar 3

● Komische Oper Tel: 49-30-202600
● Die Zauberflöte: by Mozart. Conducted by Yakov Kreizberg and performed by the Komische Oper Berlin. Soloists include Korovina, Schellenberg, Stemberger, Kang, Larsson and George; 7pm; Feb 26

● Staatsoper Unter den Linden Tel: 49-30-202601
● Elektra: by R. Strauss. Conducted by Daniel Barenboim and performed by the Staatsoper Unter den Linden. Soloists include Uta Heyn, Deborah Polaski, Reiner Goldberg and Falk Struckmann; 8pm; Mar 3

BOLOGNA

CONCERT
Teatro Comunale di Bologna Tel: 39-51-529998
● Alban Berg Quartet: with pianist Rudolf Buchbinder perform works by Mozart, Beethoven and R. Schumann; 9pm; Mar 1

OPERA
Teatro Comunale di Bologna Tel: 39-51-529999
● Anna Bolena: by Donizetti. Conducted by Evelino Pito and performed by the Teatro Comunale di Bologna. Soloists include Luciana Serra, José Broos, Sonia Grassini and Carlo Colombara; 3.30pm; Feb 25

BOSTON

CONCERT
Boston Symphony Hall Tel: 1-617-266-1492
● Boston Symphony Orchestra: with conductor Marek Janowski and pianist Richard Goode perform Mozart's Symphony No.25 and Piano Concerto in B flat, KV 595, and Reger's Variations and Fugue on a Theme of Mozart; 8pm; Feb 25; Mar 1 (1.30pm), 2

BRUSSELS

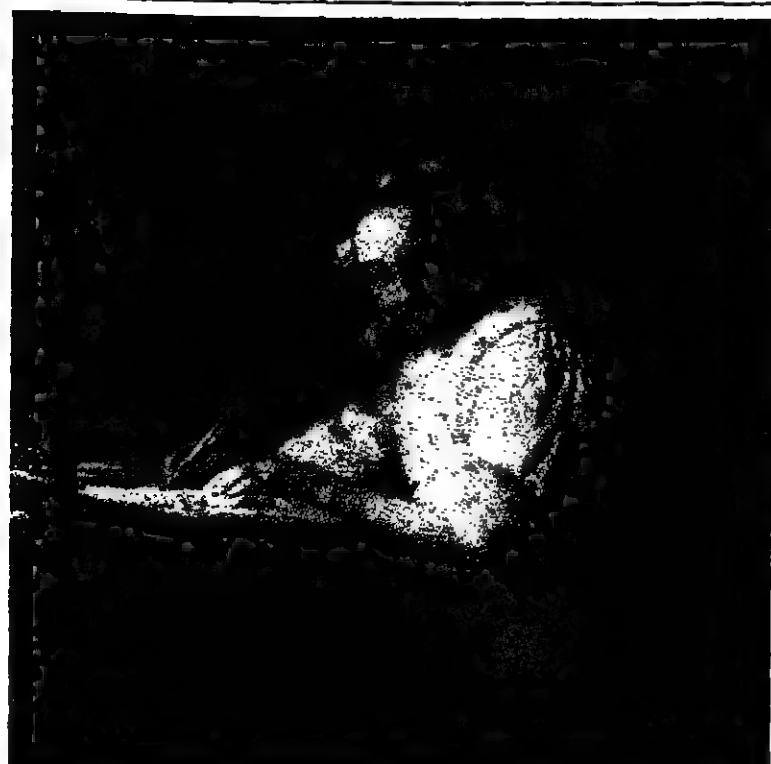
EXHIBITION
Palais des Beaux-Arts Tel: 32-2-5078486
● August Sander: Le Pont Transbordeur: exhibition devoted to the work of the German photographer August Sander. The display includes historical documents and more than 200 photographs, including photographs for his life-work Menschen des 20. Jahrhunderts (People of the 20th Century); from Mar 1 to May 12

CHICAGO

CONCERT
Orchestra Hall Tel: 1-312-435-6666
● Chicago Symphony Orchestra: with conductor Daniele Gatti and pianist Alicia de Larrocha perform works by Corigliano, Mozart and Shostakovich; 8pm; Feb 25; Mar 1 (1.30pm), 2, 3 (3pm), 5 (7.30pm)

CAPETOWN

CONCERT
City Hall Tel: 27-21-4617084
● The Cape Town Symphony Orchestra: with conductor Jorge Mester and clarinetist Douglas Mask perform works by Schumann, Liszt and Lutoslawski; 8pm; Feb 29



'A Lady Writing' c.1865 by Vermeer, at The Hague

JAZZ & BLUES
Nico Theatre Complex Tel: 27-21-215470
● Guitar Summit: featuring Tel Farlow, Johnnie Fourie, Cal Collins, Alan Kwela, Royce Campbell and Jimmy Didiu. Part of the International Jazz Festival; 2pm; Mar 2

COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● André Schiff: the pianist performs works by Bartók and Haydn; 8pm; Feb 28

● Kölner Rundfunk-Sinfonie-Orchester: with conductor Emmanuel Krivine, pianist Andreas Haefliger and organist Matthias Elsenberg perform Beethoven's Piano Concerto No.1 and Saint-Saëns' Symphony No.3; 8pm; Mar 2

OPERA
Opernhaus Tel: 49-221-2218240
● Eugene Onegin: by Tchaikovsky. Conducted by David Levi and performed by the Oper Köln. Soloists include Helga Demesch, Susan Anthony, Ute Döring, Andrizej Dobber, Gabriel Sade and Dieter Schwaibart; 7.30pm; Feb 29

DRESDEN

CONCERT
Sächsische Staatsoper Dresden Tel: 49-351-49110
● Dame Gwyneth Jones: accompanied by pianist Homero Franceschi. The soprano performs songs by Wagner, R. Schumann, Berg and R. Strauss; 8pm; Feb 25

● Sächsische Staatskapelle Dresden: with conductor Muhai Tang and cellist Jan Vogler perform the overture to Glinka's Russian and Lyudmila, Shostakovich's Cello Concerto No.1, and Tchaikovsky's Symphony No.4; 8pm; Feb 25 (11am), 26, 27

DUBLIN

CONCERT
National Concert Hall - Geórgios Néaúnta Tel: 353-1-6711533
● National Symphony Orchestra: with conductor Kasper de Roo and pianist Homero Franceschi perform works by Mozart and Shostakovich; 8pm; Feb 29

EDINBURGH

CONCERT
Edinburgh Festival Theatre Tel: 44-131-5296000
● BBC Scottish Symphony Orchestra: with conductor Yusef Talmi and soprano Inger Dam Jensen perform works by Mozart, R. Strauss and Rachmaninov; 7.30pm; Feb 25

FRANKFURT AM MAIN

CONCERT
Jahrhunderthalle Hoechst Tel: 49-69-3601240
● Berliner Symphoniker: with conductor Herbert Blomstedt and violinist Sarah Chang perform works by Sibelius and Bruckner; 8pm; Mar 1

GENEVA

CONCERT
Victoria Hall Tel: 41-22-3283573
● Orchestre de la Suisse Romande: with conductor Armin Jordan and pianist Jean Piguet perform Beethoven's Violin Concerto and Ravel's Bolero and Valse des nobles et sentimentales; 8.30pm; Feb 26

HAMBURG

CONCERT
Hamburgische Staatsoper Tel: 49-40-351721
● Winterreise: by Schubert. Performed by bass Kurt Moll, accompanied by pianist Stefan Immler; 8pm; Mar 1

● Musiktheater Hamburg Tel: 49-40-348920
● Ivo Pogorelich: the pianist performs works by Rachmaninov, J.S. Bach, Beethoven and Chopin; 7.30pm; Feb 27

● The London Philharmonic Orchestra: with conductor Franz Welser-Möst and violinist Christian Tetzlaff perform works by Mozart, Beethoven and Brahms; 7.30pm; Feb 29

HELSINKI

DANCE
Opera House Tel: 358-0-403021
● Don Quixote: a choreography by Bart Petipa to music by Minkus, performed by the Helsinki Ballet.

Soloists include Jessica Kellars, Jukka Aromaa and Jorma Uotinen; 7pm; Feb 27; Mar 5

HOUSTON

EXHIBITION
Museum of Fine Arts Tel: 1-713-639-7300
● Jackson Pollock: Works on Paper: exhibition of 34 drawings created between 1939 and 1956 by Jackson Pollock, one of the leaders of Abstract Expressionism. All of the works come from the Pollock estate, and most are sketchbooks or working drawings that provide insight into Pollock's development in this period; from Mar 2 to Jun 30

LILLE

CONCERT
Opéra de Lille Tel: 33-20 06 86 04
● Kathleen Battle: accompanied by pianist Cliff Jackson. The soprano performs opera songs and arias; 8pm; Feb 26

LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935731
● Sydney Maier: accompanied by pianist Roger Vignoles. The soprano performs songs by Haydn, Schubert, Messiaen, Poulenc and Bizet; 8.30pm; Feb 26

LONDON

ART & ANTIQUE FAIR
Olympia Tel: 44-171-6033344
● The Fine Art and Antiques Fair: the spring Olympia fair now in its third year, with more than 130 dealers from Europe and the US showing contemporary and traditional works, including furniture, porcelain, ceramics and glass, watercolours, oil and Old Master drawings, clocks and barometers, silver, jewels, engravings and textiles. The fair is accompanied by an exhibition of about 50 works by the 20th century British artists Francis Bacon and Henry Moore; from Feb 27 to Mar 3

AUCTION
Christie's South Kensington Tel: 44-171-5817811
● Transport Memorabilia and Models: this sale includes a rare model of the Volkswagen Beetle. By 1938, the first test car of a design overseen by Dr. F. Porsche was produced and five models were made in the Porsche Apprentices School in Stuttgart-Zuffenhausen. The models were numbered 1 through 5 and were presented to those closely involved in the design of the Beetle. Model No.3 is to be sold; 10.30am & 2pm; Feb 29

CONCERT
Barbican Hall Tel: 44-171-6388891
● London Symphony Orchestra: with conductor Colin Davis, violinist Dmitri Vasiliev and viola-player Yuri Bashmet, perform Mozart's Sinfonia Concertante in E flat for violin and viola, and Bruckner's Symphony No.7; 7.30pm; Feb 29

● Wigmore Hall Tel: 44-171-9352141
● Nigel North: the lute performs J.S. Bach's Suite No.1 in C, Suite No.2 in A minor, and Suite No.4 in B flat; 4pm; Feb 25

EXHIBITION
Dulwich Picture Gallery Tel: 44-181-6955254
● Scare and Death: drawings from the Sir John Soane's Museum on the theme of tombs and monuments is displayed in an exhibition exploring Soane's interest in memorials and death rituals; from Feb 29 to May 12

● Queens Gallery Tel: 44-171-9304832
● Leonardo da Vinci Drawings: this exhibition includes preparatory sketches for paintings such as the 'Adoration of the Magi' and the 'The Last Supper', designs for equestrian monuments, war machines and costumes for court entertainment. Also on display are studies revealing Da Vinci's enduring interest in water and flight, and his studies in anatomy; from Mar 1 to Jan 12

OPERA
Royal Opera House - Covent Garden Tel: 44-171-2129234
● Götterdämmerung: by Wagner. Conducted by Bernard Haitink and performed by The Royal Opera. Soloists include Anne Evans, Vivian Tierney, Jane Henschel and Judith Howarth; 4.30pm; Feb 27; Mar 2

PARIS

CONCERT
Maison de Radio France Tel: 33-1 42 30 22 22
● Orchestre National de France: with conductor Frédéric Chastin and pianist Laila Ove Andrae perform works by Liszt, Debussy and Haydn; 8pm; Feb 28

● Orchestre Philharmonique de Radio France: with conductor Bruno Weil and flutist Thomas Prévost perform works by J.S. Bach, Respighi, Beethoven and Haydn; 8pm; Feb 28

● Chappelle de Notre-Dame: with conductor Nicole Corfi perform works by Lalo Schifano and Campra; 8.30pm; Feb 27

SALLE PLEYEL
Tel: 33-1 45 61 53 00
● Ensemble Orchestral de Paris: with conductor/Helmut Rilling perform works by Haydn, Dutilleul and Beethoven; 8pm; Feb 27

EXHIBITION
Salle Pleyel Tel: 33-1 45 61 53 00
● Ensemble Orchestral de Paris: with conductor/Helmut Rilling perform works by Haydn, Dutilleul and Beethoven; 8pm; Feb 27

LOS ANGELES

OPERA
Dorothy Chandler Pavilion Tel: 1-213-972-8001
● Così fan tutte: by Mozart. Conducted by Ingo Metzmacher and performed by the Los Angeles Opera. Soloists include Hillevi Martinpelto,

Frederica von Stade and Michael Schade; 7.30pm; Feb 27; Mar 2 (1pm), 4, 7, 9

LUXEMBOURG

CONCERT
Théâtre Municipal Tel: 352-470865
● Orchestre Philharmonique du Luxembourg: with conductor Alexander Dmitriev and pianist Deszö Rátki perform Scriabin's Symphony No.1, R. Schumann's Piano Concerto, and Debussy's La Mer; 8pm; Feb 29; Mar 1

Maastricht

CONCERT
Theater aan het Vrijthof Tel: 31-43-323179
● Residentie Orkest: with conductor Evgeny Svetlanov, cellist Mihaila Martin, violinist Frans Helmerson and pianist Roland Pöhlmann perform Beethoven's Triple Concerto for piano, violin and violoncello, Op.56 and Tchaikovsky's The Seasons; 8.15pm; Mar 1

MADRID

CONCERT
Teatro de la Zarzuela Tel: 34-1-42982256
● Anne-Sofie von Otter: accompanied by pianist Bengt Forsberg. The mezzo-soprano performs songs by Grieg, Sibelius and R. Strauss; 8pm; Feb 26

MUNICH

CONCERT
Philharmonie im Gasteig Tel: 49-89-4898508
● Bolshoi Symphony Orchestra: with conductor Alexander Lazarev and violinist Dmitry Sitkovetsky perform Tchaikovsky's Violin Concerto in D major and Schubert's Symphony No.8; 8pm; Feb 27

● Gewandhausorchester: with conductor Kurt Masur perform Beethoven's Leonora No.3 and Symphony No.1; 8pm; Feb 25

EXHIBITION
Kunststiftung der Hypo-Kulturstiftung Tel: 49-89-224412
● Das alte China. Menschen und Götter im Reich der Mitte: the exhibition shows 120 objects from Chinese museums and collections, spanning 5,000 years of Chinese culture. The main part of the exhibits are new archaeological discoveries that have never been on show before and include earthenware figures from the tomb of Dame Fu Hao (1500BC).

After Munich, the exhibition will travel to Zurich, London and Humebeck; to Mar 3

OPERA
Cuvillius-Theater - Altes Residenztheater Tel: 49-89-298836
● Sersa: by Handel. Conducted by Ivor Bolton and performed by the Bayerische Staatsoper. Soloists include Ann Murray, Kathleen Kuhlmann, Christopher Robson and Julie Kaufmann; 11am; Feb 25

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-875-5030
● Anne-Sophie Mutter and Lambert Orkis: the violinist and pianist perform works by Brahms, Debussy, Rihm, Bartók, Wieniawski and Sarasate; 8pm; Feb 25

● Moscow Virtuosi: with conductor Vladimir Spivakov and pianist Igor Tchoulov perform works by Strauss, Mozart and Tchaikovsky; 8pm; Feb 28

EXHIBITION
Carnegie Hall Tel: 1-212-247-7800
● Exhibit on the Beethoven Piano Sonatas: an exhibition mounted at the Rose Museum at Carnegie Hall, devoted to the Beethoven piano sonatas. For the first time in its history, the Beethoven House Archives in Bonn have allowed material to be loaned for display in the US. The exhibition coincides with concerts given by Maurizio Pollini as part of his performance of the complete Beethoven piano sonata cycle during the 1995-96 season; from Feb 27 to May 27

● Whitney Museum of American Art Tel: 1-212-570-3633
● Kenzho: A Retrospective: this exhibition presents the full range of Kenzho's own work and his 20 years of collaboration with his wife and partner, Nancy Reddin Kenzho. More than 100 pieces, ranging from intimate objects to house-scale environments, are displayed; from Feb 29 to Jun 2

OPERA
Metropolitan Opera House Tel: 1-212-392-6000
● Anna Bolena: by Donizetti. Conducted by James Levine and performed by the Metropolitan Opera. Soloists include Carol Vanessa, Cecilia Bartoli, Jerry Hadley (Feb 27, Mar 2) and Paul Groves (Mar 5, 9); 8pm; Feb 27; Mar 2, 5, 9

PARIS
Maison de Radio France Tel: 33-1 42 30 22 22
● Orchestre National de France: with conductor Frédéric Chastin and pianist Laila Ove Andrae perform works by Liszt, Debussy and Haydn; 8pm; Feb 28

● Orchestre Philharmonique de Radio France: with conductor Bruno Weil and flutist Thomas Prévost perform works by J.S. Bach, Respighi, Beethoven and Haydn; 8pm; Feb 28

● Chappelle de Notre-Dame: with conductor Nicole Corfi perform works by Lalo Schifano and Campra; 8.30pm; Feb 27

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Tel: 33-1 45 61 53 00
● Ensemble Orchestral de Paris: with conductor/Helmut Rilling perform works by Haydn, Dutilleul and Beethoven; 8pm; Feb 27

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OPERA
Dorothy Chandler Pavilion Tel: 1-213-972-8001
● Così fan tutte: by Mozart. Conducted by Ingo Metzmacher and performed by the Los Angeles Opera. Soloists include Hillevi Martinpelto,

Frederica von Stade and Michael Schade; 7.30pm; Feb 27; Mar 2 (1pm), 4, 7, 9

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Théâtre Municipal Tel: 352-470865
● Orchestre Philharmonique du Luxembourg: with conductor Alexander Dmitriev and pianist Deszö Rátki perform Scriabin's Symphony No.1, R. Schumann's Piano Concerto, and Debussy's La Mer; 8pm; Feb 29; Mar 1

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Theater aan het Vrijthof Tel: 31-43-323179
● Residentie Orkest: with conductor Evgeny Svetlanov, cellist Mihaila Martin, violinist Frans Helmerson and pianist Roland Pöhlmann perform Beethoven's Triple Concerto for piano, violin and violoncello, Op.56 and Tchaikovsky's The Seasons; 8.15pm; Mar 1

MADRID
Teatro de la Zarzuela Tel: 34-1-42982256
● Anne-Sofie von Otter: accompanied by pianist Bengt Forsberg. The mezzo-soprano performs songs by Grieg, Sibelius and R. Strauss; 8pm; Feb 26

MUNICH
Philharmonie im Gasteig Tel: 49-89-4898508
● Bolshoi Symphony Orchestra: with conductor Alexander Lazarev and violinist Dmitry Sitkovetsky perform Tchaikovsky's Violin Concerto in D major and Schubert's Symphony No.8; 8pm; Feb 27

Gewandhausorchester: with conductor Kurt Masur perform Beethoven's Leonora No.3 and Symphony No.1; 8pm; Feb 25

Galeria Nazionale du Grand Palais Tel: 33-1 44 13 17 17
● Corot: retrospective exhibition devoted to the work of this French painter of landscape and portraits (1796-1875). The display includes about 150 works from European and American collections; from Mar 2 to May 27

OPERA
Théâtre du Châtelet Tel: 33-1 42 33 00 00
● Don Carlos: by Verdi. Conducted by Antonio Pappano and performed by the Opéra de Châtelet. Soloists include Roberto Alagna, Karita Mattila, Thomas Hampson and José van Dam; 8.30pm; Feb 27; Mar 1, 4, 7

OPERA
Opéra Garnier Tel: 33-1 42 86 50 22
● Così fan tutte: by Mozart. Conducted by Jeffrey Tate and performed by the Opéra National de Paris. Soloists include Susan Chilcott, Susan Graham, Rainer Trost and Simon Keenlyside; 7.30pm; Mar 5, 7

THEATRE
Comédie Française, salle Richelieu Tel: 33-1 40 15 00 15
● Le Misanthrope: by Molière. Directed by Simon Eline, starring Alain Pralon, François Beaulieu, Dominique Constant and Yves Gasc; 8.30pm; Feb 25; Mar 1, 2 (2.30pm), 8, 9 (2.30pm)

SAN FRANCISCO
CONCERT
Louise M. Davies Symphony Hall Tel: 1-415-864-6000
● Yo-Yo Ma and Jeffrey Kahane: the cellist and pianist perform works by Fauré, Debussy, Messiaen and Franck; 8pm; Feb 28

SEATTLE
EXHIBITION
Seattle Art Museum Tel: 1-206-325-8900
● Willem DeKooning in Seattle: from the female figure to his various approaches to the abstracted landscape, this survey of paintings, drawings and sculpture provides an overview of DeKooning's 40-year career. The exhibits come from the private and public collections in the Seattle area; to Mar 3

SYDNEY
OPERA
Drama Theatre, Opera Theatre, Playhouse Tel: 61-2-250-7127
● Fidelio: by Beethoven. Conducted by Richard Hickox and performed by The Australian Opera. Soloists include Wendy Brown, Kathryn McCusker, Horst Hoffmann, Michael Terry and Robert Alkman; 7.30pm; Feb 27; Mar 1, 4, 6

THE HAGUE
CONCERT
Dr Anton Philipsaal Tel: 31-70-3607925
● Residentie Orkest: with conductor Evgeny Svetlanov, violinist Mihaila Martin, cellist Frans Helmerson and pianist Roland Pöhlmann perform works by Beethoven and Tchaikovsky; 8.15pm; Mar 2, 3 (2.15pm)

EXHIBITION
Mauritshuis Tel: 31-70-3463244
● Johannes Vermeer: the first presentation devoted solely to the art of the Dutch painter Johannes Vermeer (1632-1675) presents 21 of the existing 35 works known to have been painted by this master who lived and worked in Delft. Nine paintings have been restored for the exhibition; from Mar 1 to Jun 2

VIENNA
CONCERT
Konzerthaus Tel: 43-1-7121211
● Camerata Academica: with conductor Sándor Végh and violinist Chung Wang perform works by Haydn and Beethoven; 7.30pm; Feb 25, 28

● Mitsuko Uchida: the pianist performs works by Schoenberg and Mozart; 7.30pm; Feb 28

● Musikverein Tel: 43-1-5055661
● André Schiff: the pianist performs works by Bartók and Haydn; 7.30pm; Feb 25

OPERA
Wiener Staatsoper Tel: 43-1-51442960
● Fidelio: by Beethoven. Conducted by Simone Young and performed by the Wiener Staatsoper. Soloists include Hildegard Behrens, Juliane Banse, Peter Winkler and Franz-J. Kapellmann; 7pm; Feb 26; Mar 1

● Peter Grimes: by Britten. Conducted by Mstislav Rostropovich and performed by the Wiener Staatsoper. Soloists include Hildegard Behrens, Juliane Banse, Peter Winkler and Franz-J. Kapellmann; 7pm; Feb 26; Mar 1

WASHINGTON
OPERA
Opera House Tel: 1-202-416-4800
● Mefistofele: by Boito. Conducted by John DeMain and performed by The Washington Opera. Soloists include bass Samuel Ramey, tenors William Joyner and Gary Patis, soprano Nelly Miricliou, mezzo-soprano Marianne Cornetti; 8pm; Feb 29 (7pm); Mar 3 (2pm), 5, 8

ZURICH
OPERA
Opernhaus Zürich Tel: 41-1-268 6666
● Il Barbiere di Siviglia: by Rossini. Conducted by Ludovico Zocche and performed by the Opéra Zürich. Soloists include mezzo-soprano Vessellina Kasarova, soprano Ruth Rohner, tenor Reinhold Macias, baritone Carlos Alvarez and bass Josef Deser; 8pm; Feb 29

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CHESS

Garry Kasparov emerged with his reputation only slightly dented this week when he beat the IBM super-computer Deep Blue 4-2 in Philadelphia.

Kasparov could point to an impressive final game and to some silicon wooden play from his opponent as vindication of his self-appointed role as chief defender of human reason.

The verdict could easily have been very different. With the score 2-2, Kasparov offered a draw in the fifth game. Deep Blue, strangely, was not programmed to conduct its own peace negotiations to its operator, no expert player he, declined. Almost immediately the computer made a series of poor moves and subsided into a lost endgame.

The operator, lamely explained that he had refused "in the interests of science" if Deep Blue had won the match, its programmers would have shared \$240,000.

Will a return match, desired by both sides, favour Kasparov, who finally exploited the machine's weakness in dull locked positions, or IBM, whose researchers may well enable Deep Blue to calculate several more million moves per second? The jury is still out (Kasparov, White; Deep Blue, Black: 6th game). 1 Nf3 d5 2 d4 c6 3 c4 e6 4 Nbd2 Nf6 5 e3 c5 6 b3 Nc6 7 Bb2 cxd4 8 exd4 Be7 9 Rcl 0-0 10 Bd3 Bd7 11 0-0 Nbd5 12 Re1 Nf4 13 Bb1 Bd6 14 g3 Ng6 15 Ne5 Rcb1 16 Nxd7 Qxd7 17 Nb3 Bb4 18 Re8 Rf8 19 h4! Nge7 20 a3 Bb5 21 b4 Be7 22 c5 Re8 23 Qd8 g6 24 Re2 Nf5 25 Bc3 b5 26 b5 Nce7 27 Bd3 Kg7 28 a4 Ra8 29 a5 a6 30 b6 Bb3 31 Re2 Nc6 32 Ba4 Re7 33 Bc3 Ne5 34 dxe5 Qxe4 35 Nd4 Nxd4 36 Qxd4 Qd7 37 Bd2 Re8 38 Bg5 Re8 39 Bf6+ Kh7 40 c6! bxc6 41 Qc5 Kh6 42 Rb2 Q

In the Pink

the following December, capital outflows to developing economies diminished and the US itself received massive inflows. Growth in developing economies faded and so did the boom in world trade.

This contributed to Europe's present recession (although Maastricht was its main cause). The resumption of large capital flows to developing countries is the key to Europe's recovery and, hence,

Do not look to the US once more; its banks do not need a second bail-out. But Japanese banks do, and to a greater extent. So the Bank of Japan has cut its official discount

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Weekend Investor

Wall Street

Buchanan's spectre haunts edgy dealers

He is unlikely to be president but his policies may not go away, says Maggie Urry

A chilling photograph appeared in the press this week. It showed Pat Buchanan standing in front of Mount Rushmore in South Dakota.

Fresh from his success in the New Hampshire presidential primary on Tuesday, he seemed to be implying that his craggy features would soon be joining those of former presidents Washington, Jefferson, Lincoln and Theodore Roosevelt carved into the rock face. Even more chilling was the assertion by the former speech writer and political commentator that "all four of these gentlemen up here on Mount Rushmore agreed with Pat Buchanan".

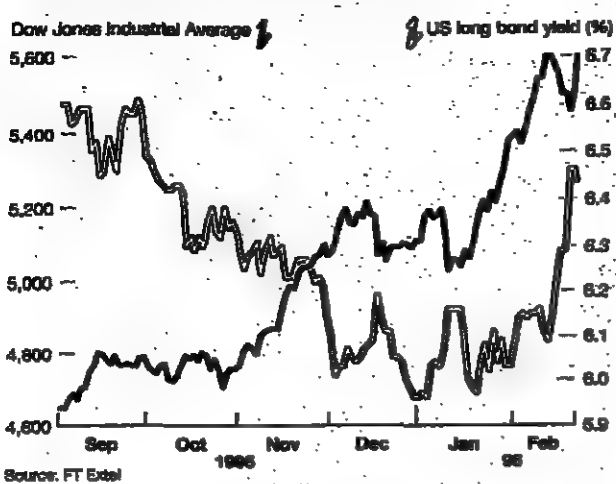
The possibility that Buchanan could be the next president of the US is remote. The rest of the Republican party will do its utmost to prevent him winning the nomination. Even so, Buchanan's policies have struck a chord with many voters. He is playing on the insecurity workers feel after seeing massive lay-offs, such as the 40,000 job losses at AT&T. To protect US jobs, he advocates an end to free trade, tariffs on goods from places like Japan and China, and a repeal of the North American Free Trade Agreement (Nafta).

This would be bad news indeed for Wall Street. In the first place, those job losses, dressed up as corporate restructurings, have been one element pushing company profits higher. By taking large one-off charges, companies can boost their profits in future years, and many firms which announce such charges are rewarded with a higher share price. If there were moves to stop those job losses, then corporate profits would not rise so quickly.

Even if Buchanan is not nominated, the price the Republicans must pay to beat him could be to adopt his ideas in watered-down form. Senator Robert Dole, who had been the front runner for the nomination until Tuesday's upset, has begun to do that already. He tried in New Hampshire with the cry that "corporate profits are setting records, and so are corporate layoffs".

The protectionism issue is equally worrying for Wall Street. Tariffs on imports naturally would lead to retaliation. And the effort to increase exports is important to corporate profits, to economic

Shares break free of their bonds



growth, and to reducing the trade deficit.

The two-year-old Nafta has been criticised. But a survey this week by the Bank of Montreal, and its American subsidiary Harris Bank, in the US, Canada and Mexico, found support for the treaty among businessmen. Many companies say Nafta has increased their sales and nearly 80 per cent expect more benefits to come. The same proportion would like the treaty extended to the rest of the Americas.

Still, such political worries were shrugged off this week by the stock market. After taking Monday off to celebrate two of the Rushmore presidents' birthdays, it has been dominated by the words of Alan Greenspan, chairman of the Federal Reserve. He spent Tuesday and Wednesday giving his semi-annual testimony to Congress, and was rewarded on Thursday when Clinton announced his reappointment.

On Tuesday, Greenspan was talking to a House committee. He said the economy was "on track for sustained growth" and recent softness in growth was "likely to be temporary". The markets took flight, in the belief this meant an end to interest rate cuts. Bond prices fell sharply, pushing the yield on the long bond up. Shares slumped, too.

The next day, Greenspan said much the same to the Senate and the market interpreted his remarks differently. Share prices shot up on Wednesday and again on Thursday.

John Lipsky, chief economist at Salomon Brothers, feels the Fed is likely to wait to see economic statistics, due over the

next two weeks, which should be freer than recent numbers of the distortions caused by the government shutdown at the end of December, and the severe winter weather last month. So long as they are favourable, Lipsky thinks the Fed could cut at its March meeting, or even before.

Bond prices, meanwhile, failed to join in the stock market's surge. As the chart shows, stocks had been tracking bonds, with the Dow Jones Industrial Average moving in the opposite direction to the bond yield until early this year. In the past few weeks, though, bond yields have risen while share prices have continued up. This week, stocks lured much better than bonds in the market recovery.

Bruce Young, president of Melrow Financial, reckons that provides an opportunity to buy bonds and says there is a lot of money ready to go into the market. But the rise in bond yields broke through technical support levels, which has made some people more bearish.

Alternatively, the bond market might be presaging a reversal in the stock market, which has been bobbing on tidal wave of incoming money. Strangely enough, if the race for the presidency has the effect of making workers more secure, perhaps they will feel less of a need to pour savings into the stock market.

Dow Jones Ind Average

Monday 5458.53 - 44.79

Tuesday 5515.97 + 57.44

Wednesday 5608.46 + 92.49

Thursday

Friday

At the Mid-South Fair in Memphis, Tennessee, last year, they unveiled a ride called the Slingshot which had customers queuing round the block to pay \$30 a time. Hardy souls were strapped into a cage suspended by elasticated lines between two tall towers.

The cage then was lifted high into the air, until the lines were taut, before being released. The tension made it fall crazily to earth, looping the loop as it plummeted, before rebounding to start the cycle all over again.

Watching at the time, I wondered why on earth anyone would want to undergo such an experience. Now I know. They were in training for the financial markets of 1996.

This week was a good example. By Tuesday night, a sharp fall in bond markets and successive 40-point falls on Wall Street made investors start to wonder if the bull market might finally be coming to an end. But on Wednesday, Thursday and early Friday Wall Street roared back to life. And yesterday morning, some German money supply figures that were not as bad as expected helped European bonds to rally.

The London market was almost a sideshow while all this was going on. It dropped back on Monday and Tuesday but revived steadily during the rest of the week to finish 30.6 points lower at 3,740.3.

If London had been left to its own devices, it might have performed rather better. A spate of results' announcements from Britain's leading companies produced no disasters, and there was little in the accompanying trading statements to cause alarm or despondency.

Imperial Chemical Industry's profits showed a quarter-on-quarter decline, it is true, but they were still 30 per cent better than for the same period a year ago. With the suggestion of a buy-back programme and positive notes from analysts, the shares moved ahead.

The driving force behind the

recent volatility is the wave of liquidity that has been unleashed around the world during the past year or so. In the US and Europe, governments and monetary authorities have been cutting interest rates in an attempt to revive sluggish economic growth rates.

But an even more important role is being played by Japan, which has been maintaining ultra-low interest rates and a fiscal policy designed to stimulate an economy and financial system that has struggled all through the 1990s.

According to Mark Brown, head of strategy and economics at ABN-AMRO Hoare Govett: "The Japanese have the world's net savings because they have the world's biggest current account surplus."

"Back in 1994, when people were talking of a world capital shortage, what was really happening was that the Japanese private sector was unwilling to export its capital, forcing the surplus to be recycled via currency intervention by the Japanese central bank."

"Now, the Japanese are more than willing buyers of overseas assets, particularly bonds, and that has been helping bond yields to fall round the globe."

Moreover, Japanese banks seem to have been willing lenders to foreigners. This has allowed some, notably the hedge funds, to speculate by borrowing in yen at low interest rates and investing the proceeds in higher-yielding international bonds.

But this liquidity brings problems in its wake. "The critical issue is that, when the Japanese economy starts to

recover, the surplus will shrink and so will the supply of Japanese buyers for foreign securities. There is some evidence this is starting to occur," says Brown.

A hint from the Japanese finance minister that interest rates needed to rise to help elderly savers seems to have caused some unease in the markets.

The Nikkei 225 average, which previously had been rallying strongly, fell for seven consecutive trading sessions. And it seems as if, in response to recent market weakness, the speculative investors may have been unwinding their leveraged bond positions to avoid the kind of losses they suffered in 1994.

In addition, bond investors may be starting to worry that, while there is little threat of inflation in the short term, easy money round the world will lead eventually to price pressures. In the UK, the yield on the 10-year gilt moved up from 7.41 per cent at the start of the year to 7.26 per cent by Tuesday night.

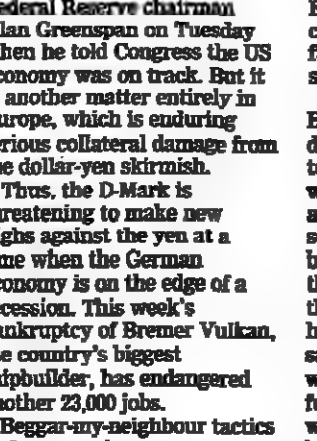
That has pushed up the yield ratio - the relationship between bond and equity yields - to 2.21, as high as it has been at any time since the start of 1995. Shares are starting to look fully valued.

Still, as the graph shows, the UK certainly is not the over-extended market in the world. Wall Street has left the London market far behind and is where the daily movements now seem the most extreme.

If the world market's carnival ride does come to a sticky end, it surely will be in the US.

The US roars ahead

Dow Jones Industrial Average divided by the FT-SE 100 Index



Source: FT Intel

Highlights of the week

FT-SE 100 Index 3740.3 -30.6 3771.3 2977.0

FT-SE Mid 250 Index 4206.0 -8.1 4206.0 3300.6

Airtours 490 -27 490 306

Bank of Scotland 2724 -12 2724 1935

British Aerospace 895 -29 895 4564

British Steel 1784 +94 181 148

House of Fraser 181 +12 180 125

ICI 692 -70 691 690

Kwik Save 478 -19 478 472

Net Westminster Bank 711 -43 711 473

Pentick 368 -20 368 215

Royal Insurance 390 +15 390 286

Unilever 1215 -57 1215 1180

Wm Morris 139 -19 139 97

Woolsey 464 -22 464 324

Interest rate volatility

Takenover speculation

Carroll's sales slump

Warburg turns cautious

Defence merger hopes

Optimism at Unilever

Management changes speculation

Share buy-back hopes

James Capel downgrading

Dividend hike

BET bid rejected

Well-received figures

Figures disappoint

Mortgage cut

Profit-taking

London

A taste of the carnival spirit

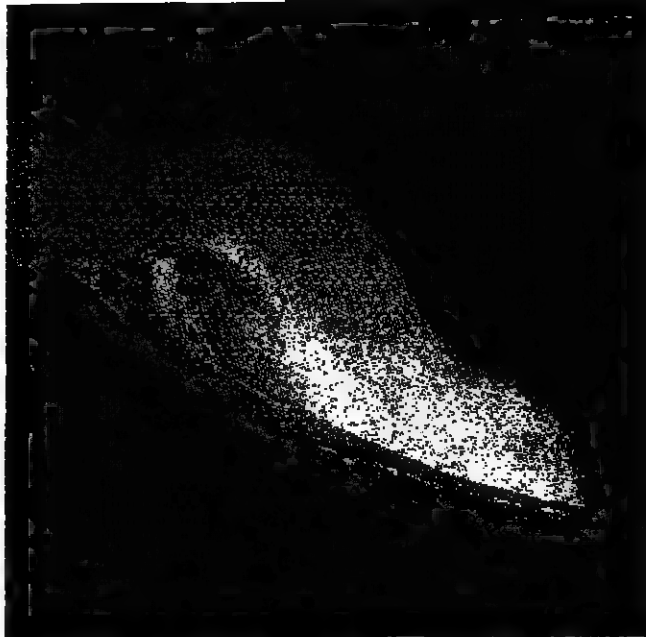
But will there be a sudden letdown? asks Philip Coggan

Good figures from National Westminster bank, and a better than expected dividend increase from Royal Insurance, all helped British Gas was one of the few big companies to disappoint, but its problems seem peculiar to itself rather than symptomatic of any wider economic trend.

Politics remains a worry for the market. The Conservative party now seems to produce more defectors than Cambridge University and the reduction of the government's majority to two, ahead of Monday's parliamentary vote on the Scott report into the arms-to-Iraq affair, might be persuading investors to hold on to cash. But the government has survived many such crises in the past.

Until a more definitive trend appears in the results' season, or a general election becomes imminent, London is likely to remain heavily under the influence of world market movements.

The driving force behind the



A wave of liquidity has been unleashed around the world

Source: Reuters

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Barry Riley

Fingers on the panic button

The crisis will come when Japan has to raise interest rates

For a day or two, the markets teetered. Would the shake-out prove to be just a dress rehearsal for the next global financial crisis or would it turn out to be the start of the real thing? Traders recovered their nerves towards the end of this week.

A quick damage assessment reveals that, among other casualties, the gold price has crashed down towards \$400 an ounce, gilt-edged yields have jumped back to over 8 per cent at the long-dated end, and the South African rand has lost 8 per cent.

These are, of course, all symptoms rather than causes. They represent areas where speculators have been unwinding their positions. Such speculation is not in any way new but its scale is unprecedented. Funds running into trillions of dollars are now dedicated to short-term, position-taking markets around the globe. The key gamblers include the notorious hedge funds (although hedging is precisely not what they do), the proprietary (that is, own account) trading desks of banks, and the global bond and currency funds.

Volatility is today's curse and, for some, opportunity. Once, central banks sought to stabilise the markets, but now they are pulling in opposite directions. On the one hand, they seek to impose currency

stability; hence the European single currency plans and a new "super exchange rate mechanism" scheme just unveiled to link the peripheral European currencies which do not get merged into the euro. On the other, they are anxious to sell their government debt at the highest possible price, which means bowing to the speculators' wishes.

So, the new "open repo" market for the British government's gilt-edged bonds, which opened last month, has encouraged billions of pounds of new bank lending into the bond market and, in the process, has destroyed the significance of the statistics for broad money: on Monday, M4 was revealed to be rising at a year-on-year rate of 10.7 per cent.

The real key to the uncertainty lies, however, with events in Japan. Since last September, the Bank of Japan has been holding the US dollar at above 100 yen through massive intervention on the foreign exchanges, and by printing money fast enough to hold Japanese money market interest rates at 1/2 per cent. The idea has been to stabilise the Japanese economy and financial system. But the cost has been the destabilisation of markets elsewhere.

What, in particular, has triggered the markets' turmoil in the past week has been the hint that the BoJ is having

difficulty in keeping the dollar exchange rate up. From 107 yen two weeks ago, it dipped briefly to around 103 yen, triggering alarm bells.

Part of the relevant background here is that Japanese savers are furious at seeing their interest rates reduced to pathetically low levels in order to bail out the

The dollar-yen skirmish is causing serious collateral damage to Europe

banks, which are seen widely in Japan as corrupt. Even big corporate pension schemes are exploring ways to invest their funds more profitably than by leaving them with life insurance companies which offer only 2% per cent returns.

Suddenly, the almost universal assumption that Japanese interest rates would not go up until 1997, and the yen could not possibly appreciate against the dollar in the meantime, began to look just a tiny bit shaky. The gamblers have bitter memories of February 1994 when a rise in American interest rates triggered a disastrous crash in the bond markets. Briefly, February

1996 promised the same. The lesson the traders now draw is not that this kind of financial trading is inherently dangerous but that they must all make sure to be first out, ahead of the crash which inevitably will be triggered by the rise in Japanese interest rates when, eventually, it comes. Hence the hyper-sensitivity in the markets. The stop-loss positions have been put in place. Panic has been programmed in.

While the Japanese struggle to manipulate the dollar, the American government seems pre-occupied with more important things, such as primary elections. There was certainly no pressure on Federal Reserve chairman Alan Greenspan on Tuesday when he told Congress the US economy was on track. But it is another matter entirely in Europe, which is enduring serious collateral damage from the dollar-yen skirmish.

Thus, the D-Mark is threatening to make new highs against the yen at a time when the German economy is on the edge of a recession. This week's bankruptcy of Bremer Vulkan, the country's biggest shipbuilder, has endangered another 23,000 jobs.

Beggar-my-neighbour tactics in Japan - where, incidentally, shipyards still launch about 45 per cent of world output - now are posing

a challenge to the continental European economies. While Europe's national treasuries have relished the chance to sell a mountain of new bonds at declining interest rates into the tidal wave of liquidity created by Japan's policies, the economic outlook is becoming grim.

Entering into a competitive devaluation race with Japan is not an instinctive policy for the Bundesbank, the tough German central bank. All the same, it is intriguing to think about the consequences should European central banks begin buying yen in order to force up the value of the Japanese currency. That would force the BoJ to redouble its efforts. Anyway, European interest rates will certainly be going down further. Cracks might begin to show.

In the end, the US and Europe are going to have to decide if Japan can be allowed to export its problems in this way. A Japanese economic and financial crash would be serious for the whole world, but perhaps not as threatening for Europe as for the US, which depends so heavily upon Japanese savings. Meanwhile, the world's financial centres are full of worried gamblers weighing their options. How long have they got before the real crisis hits? No problem: each one will hit that panic button first.

Offshore managed funds and UK managed funds are listed in Section One

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WORLD STOCK MARKETS

AMERICA

Equities rattled as bond market slides

Wall Street

US equities were rattled yesterday when the bond market reversed its morning rally and began sliding after the release of unexpectedly strong data on housing starts, writes Lisa Branstetter in New York.

At 1 pm the Dow Jones Industrial Average was off 23.13 at 5,566.07 after sharp early session gains. The Standard & Poor's 500 fell 2.74 at 666.12, and the American Stock Exchange composite was 1.77 stronger at 565.39. Volume on the NYSE came to 273m shares.

In early trading the benchmark 30-year Treasury added nearly half a point on weakness in the commerce department's preliminary estimate of gross domestic product growth

in the fourth quarter of last year.

The early gains in bonds spurred increases in equities, sending the Dow up more than 50 points in 30 minutes of trading and triggering restrictions on computerised buying for the third consecutive session.

But both rallies were cut short by the mid-morning release of data showing that housing starts rose by a stronger-than-expected 1.4 per cent in January, following a 5 per cent fall in December.

By midday, the long bond was off more than 7/8 of a point at 94 1/8, sending the yield to 6.38.

Technology shares, which had led the market in its strong gains on Wednesday and Thursday, also retreated as investors took profits. The Nasdaq composite shed 4.38 at

1,112.78 and the Pacific Stock Exchange technology index was 0.9 per cent lower.

Dell Computer fell 1 1/8, or 5 per cent to \$34. Late on Thursday the computer maker reported fourth quarter profits in line with analysts' expectations, but the shares had risen 3 1/2 since last week as investors anticipated a strong earnings report.

Edmark tumbled 7/8 or 10 per cent at \$32 1/2 after the software maker said that it expected third quarter results to be below analysts' estimates and forecast an operating loss for the quarter.

Alumax jumped 5/8, or 17 per cent at \$39 1/2 after Kaiser Aluminum approached the company late on Thursday with a proposal to buy it for \$40-45 a share. Alumax rejected the offer. Kaiser

shares rose 3/4 or 4 per cent to \$14.

W. R. Grace slipped 3/8, or 2 1/2 per cent after Baxter withdrew its offer for the company's National Medical Care unit, thus clearing the way for its acquisition by Fresenius and putting an end to the bidding war for the unit. Shares in Baxter added 1/4 at \$45 1/2.

Latin America

MEXICO CITY started on the way up, in tandem with Wall Street, before weakness in the US market caused a shift in direction. By midday the IPC index, which had risen to 3,013, was up 3.17 at 2,994.14.

The market had been encouraged late on Thursday by the release of better-than-expected inflation data for the first half of February.

SAO PAULO was up 1 per cent at midday, slightly down from opening levels, and very much with an eye on developments on Wall Street. The Bovespa index was up 542.92 at 52,930.

BUENOS AIRES was steady but underpinned by the Merval index, up 4.58 at 327.56. Salomon Brothers reported yesterday that it had increased its overweight allocation in Argentine equities to 19 per cent from 14 per cent.

Canada

Toronto opened higher in line with New York, but by 1 pm the TSE 300 composite index was down 20.29 at 4,960.58; the golds and precious metals index was 72.69 down at 12,330.84, and volume was up from 48.35m shares to 64.75m.

Familiar feeling dims European bank shares

George Graham charts a history of disappointment

Investors hoping for good returns from European bank stocks were disappointed again last year. In spite of a rally towards the end of the year, the sector continued to underperform.

The feeling should now be a familiar one. Although bank shares did relatively well in 1980-81, and again in 1985, long-term trends show a steady underperformance that stretches all the way back to the late 1970s.

"The late 1980s bounce in the continental European bank sector is barely a blip on the long term chart of decline," writes Mr Ian McEwen of broker Merrill Lynch.

Underperformance was the hallmark of banks in Germany, France, Spain and Italy. Although Union Bank of Switzerland and Credit Suisse produced gains of more than 20 per cent for a sterling investor in 1995, they underperformed their domestic market, benefiting mainly from the strong Swiss franc.

With low growth and low inflation now prevailing in much of continental Europe, the prospect of further declines in interest rates has revived interest in bank shares.

But many brokers warn that treating banks as an interest rate play tends to provide only short-term returns. The benefits of declining rates are rapidly discounted in the market, and share prices fall back again.

So what is the longer term outlook for continental European banks? In fundamental terms, few analysts can find a good word to say about likely performance.

Even the more bullish argue only that bank stocks in key countries such as Germany have fallen far enough to be due for a rebound. They do not predict a strong growth in revenues or significant progress in cost-cutting.

"We continue to regard the sector as technically oversold, if fundamentally uninspiring," comments Mr Matthew Czaplewicz, European banking analyst at Salomon Brothers, in a note on the outlook for German banks.

Quoted German banks are making returns on equity of only 8 or 9 per cent. In France, only the top performers, such as CCF and Société Générale, can match these returns, while the sector average, dragged down by Crédit Lyonnais, is barely over 6 per cent.

Banks in the Nordic countries, Spain and the Netherlands all generate average returns on equity in double digits, but only a handful, such as Banco Popular in Spain and Christiania and Den norske Bank in Norway, compare with the sector average in the UK of more than 20 per cent.

Germany's big banks - Deut-

deliver significant cost cuts of the kind now being produced by the British banks - especially when they are investing heavily to build up their investment banking operations.

As the broker, James Capel, points out, shareholders in Dresdner and Commerzbank have pretty much paid for their own dividends in rights issues over the past five years. With German Tier 1 capital ratios well below those of peer banks in the UK, Switzerland or US, fears of further cash calls are widespread.

In France, the picture is even gloomier. The problems of the French market have weighed heavily on French banks' results, and are expected to continue to do so this year. But, according to the credit rating agency Standard & Poor's, "the banks' woes are also due to a poisonous cocktail made up of intensive competition, uncompetitive pricing of loans and services, inflexible labour agreements and the special privileges accorded to mutual and savings banks."

Most foreign brokers tend to choose safety in the form of Société Générale, now trading at roughly 12 times 1995 cost earnings - a less demanding price earnings ratio than the other perennial favourites, CCF, whose shares sell for 13 to 14 times 1995 earnings.

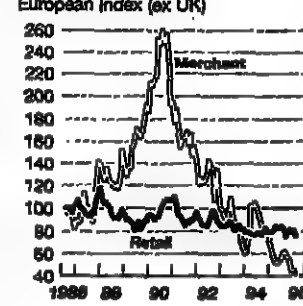
Price/earnings ratios are even higher for the Swiss banks. If some brokers' estimates of stagnant or even falling earnings prove to be correct.

Across Europe, banks are facing a similar challenge, although favoured by their home market's special circumstances with low growth, low inflation economy likely to generate slow revenue growth at best, the key to future earnings growth lies in controlling costs.

Few continental banks, however, have yet shown the gusto of some of their British or US counterparts in tackling their cost base. When they do, the industry may take on an entirely different shape.

European banking

Sectors relative to the FT/SE-A European Index (x UK)



Source: FT Data

EUROPE

M3 data give Frankfurt an extra kick

Germany's M3 growth rate came in at the low end of market expectations for January, giving FRANKFURT an extra kick. Equities followed the course of the Dow, with the Dax index peaking at 2,466.31 - fewer than 10 points short of its all-time high - before closing 27.59 higher at 2,449.52, up 1.1 per cent on the week.

Investor Hints from DM7.6bn to DM9.8bn. The search for quality took Siemens up another DM11.50 to DM39.50. Hoechst set plant closures in train at its US unit, Hoechst Marion Roussel, and ended DM12.80 up at DM45.80.

Special situations produced the big rises. Fresenius preads put on another DM18.90, or more than 10 per cent, at DM216 as Baxter withdrew its offer for W. R. Grace's NMC, and Grace said it was going ahead with the alternative dialysis equipment merger with the German group.

Puma preads, due to be converted into ordinary, rose another DM6.50 to DM65 for a three day gain of 33 per cent for the sportswear specialist.

PARIS speculated that interest rates might be cut again following the German economic data, while US buying also provided some support.

The CAC-40 index ended up

FT-SE Actuaries Share Indices

Month	Start	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
Feb 23									
FT-SE 100	1532.33	1551.99	1552.18	1554.44	1554.44	1557.40	1559.18	1557.27	1557.27
FT-SE 250	1656.19	1666.73	1664.46	1666.07	1667.16	1668.01	1669.35	1668.13	1668.13

Month	Start	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
Feb 22									
FT-SE 100	1536.56	1521.29	1510.94	1520.51	1528.16				1528.16
FT-SE 250	1648.12	1650.08	1623.48	1639.28	1655.58				1655.58

Base value 1000 (1984=100). High/Low: 1984-1995: 100 - 1558.00; 250 - 1662.00; 1996: 100 - 1558.00; 250 - 1662.00.

23.63 to 1,976.89, for a week's rise of 1.2 per cent. Turnover was FR14bn at the start of the new account.

Euro Disney rose 76 centimes or 5.3 per cent to FR15, with analysts divided in their opinion on what had provoked the interest. Some said there was a report that the theme park's hotels were almost fully booked for the critical summer period; others credited speculation that the 1996 first-half results, due out soon, would be above expectations; and a third opinion put the rally down to hopes for a general rise in consumer spending throughout the leisure sector.

VIENNA, an early closer, reflected Thursday's Wall Street to close with the ATX index 1.7 per cent higher at 1,073.74. BELSINKI got yesterday's Dow into a Hex index up 36.76 at 1,947.90, a rise of 3.5 per cent on the week. But the

over the 1994 period. Brokers said yesterday that they feared the results would be lower than expectations.

DSM, which brings out its own figures on Thursday, eased FI 1.40 to FI 155. The group forecast doubled 1995 profits at the end of last month. The stock had been supported throughout the year by the government announcement it was to convert its 30 per cent stake into preference shares.

Unilever stayed weak as more brokers suggested switching out of the multinational into other companies in the sector. It fell another 20 cents to FI 223.30, down 5 per cent on the week.

ZURICH liked the German data and its effect on bond futures, the SMI index putting on 32.0 at 3,996.4 for a rise of 0.5 per cent on the week. The pharmaceuticals and chemicals majors all gained more than a percentage point, and Brown

and Swissair rose to SKr315, and SKr370, and SKr296 respectively. Ericsson ADRA came back by 4/8 to SKr224 in New York, in parallel with Nokia.

AMSTERDAM was motivated by the opening surge on Wall Street, although profit-taking kicked in at the close to bring the AEX index back to 510.80, up 3.10 on the day and 0.4 per cent on the week.

Akzo Nobel fell FI 1.20 to FI 186.30 ahead of Monday's 1995 results, which were expected to show a rise in profits

for a week's gain of 1.2 per cent, as investors adjusted to the start of a new five-day settlement system.

OSLO hit an intraday, all-time high of 780.56 before the total index fell back slightly to a close of 778.41, up 4.56 on the day and 2.1 per cent on the week.

Kvaerner B, however, went against the trend, losing NKr4.50 to NKr197 as the market reacted nervously to confirmation by the Norwegian company that it would hold informal talks with Bremer Vulkan of Germany. Kvaerner, Europe's largest shipbuilder, said it had no plans at this stage to rescue the ailing German company in its entirety.

Written and edited by William Cochrane and John Pitt

SOUTH AFRICA

Johannesburg closed a quiet day mixed, with golds lower because of a weak billion price and industrial recovery a last-minute recovery as De Beers jumped R3.40 to R127.90 on news of a deal with Russian diamond producers.

The overall index made 13.7 to 6,767.5. Industrials gained 5.8 to 8,365.9 and golds eased 32.8 to 1,746.8.

ASIA PACIFIC

Nikkei falls for seventh consecutive day

Tokyo

The overnight surge on Wall Street failed to lift the Nikkei, which opened higher on Friday but gradually lost those early gains on worries about the yen's rebound, as well as heavy institutional selling, writes Gwen Robinson in Tokyo.

The 225 average closed lower for the seventh consecutive trading day, shedding 40.58 to 20,306.58, after a low of 20,266.58 and a high of 20,499.70. The index lost 3 per cent on the week. It was the first time since January 1995 that the Nikkei had closed lower for seven consecutive sessions.

A decline in bank stocks also made its influence felt as fears grew that leading commercial banks would have to shoulder more costs than had been originally thought to liquidate troubled housing loan companies in which they hold stakes.

Volume was 334m shares against 314m on Thursday. The Tokyo index of all first section stocks dropped 4.36 to 1,568.18, and the Nikkei 300 lost 0.96 to

292.99. Declines led advances 634 to 655, with 188 unchanged.

In London, the ISE/Nikkei 50 index closed up 1.10 at 1872.32. Heavy selling of bank shares forced down the Nikkei average: Industrial Bank of Japan was down Y80 to Y2,800; Dai-ichi Kangyo Bank lost Y70 to Y1,850, and Sumitomo Bank shed Y30 to Y1,960.

Green Cross, formerly Japan Blood Bank, fell Y50 to Y682 on news that it could be forced to pay Y20bn in compensation to people who received its HIV-infected blood products.

In Osaka, the OSE average gained 25.67 to 21,803.98 in volume of 72.9m shares.

Roundup

TAIPEI returned from holiday with a 1.2 per cent gain and brokers speculated that a government-organised T8170bn fund was being used to support prices. The weighted index rose 55.98 to 4,965.00. Turnover was T818bn.

Late buying focused on financials, with the sector index rising 2.5 per cent, and rumours that the central bank might lower banks' reserve

requirements in the near future.

International Bills rose 70 cents to T819.90.

United Microelectronics, a semiconductor maker, rose 50 cents to T868 on news that it planned to issue a higher than expected T89.30 per share dividend for 1995.

HONG KONG moved moderately higher after a volatile session which saw the cash market influenced by technical trading in futures.

The Hang Seng index gained 51.98 to 11,390.41 after moving in a 300-point range. Turnover fell to HK\$4.95bn from HK\$5.30bn. The market lost 1.8 per cent in a trading week shortened by the Chinese new year holiday.

Cheng Kong, which lost HK\$2.25 on Thursday, came back 50 cents to HK\$55.25, while HSBC, which announces 1995 results on Monday, also gained 50 cents to HK\$127 after slipping HK\$1.50 on Thursday.

BANGKOK lost 1.4 per cent as investors sold bank and finance stocks on worries about domestic inflation and banks' earnings growth. The

SET index fell 18.86 to 1,342.55 in turnover of Bt4.9bn, off 3 per cent on the week.

SEOUL closed lower on Friday for the third consecutive session, dragged down by falls in the semiconductor sector. The composite index shed 5.05 to 876.55, barely changed on the week.

Dealers suggested that falling prices for semiconductors on the world market made investors sell Samsung Electronics, which lost Won2,000 to Won18,000.

Other Samsung Group shares also suffered. Samsung Electro-Mechanics and Samsung Display Devices fell a respective Won800 and Won1,800 to Won27,000 and Won21,500.

WELLINGTON closed the week with a good gain in the NZSE-40 Capital Index of 24.61 to 2,123.95 as turnover swelled to \$239.9m. The index was down 2.5 per cent on the week.

SYDNEY was pulled off the day's highs by late profit-taking. The All Ordinaries index closed up 10.1 at 2,284.20, off a high of 2,272.70, and off 1.4 per cent on the week. Turnover was A\$658.3m.

FT/SE ACTUARIES WORLD INDICES

FT/SE Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NetWise Securities Ltd. was a co-founder of the indices.

REGIONAL MARKETS																
Figures in parentheses show number of lines of stock																
	US Dollar	Day's Change	THURSDAY FEBRUARY 23 1996		WEDNESDAY FEBRUARY 22 1996		DOLLAR INDEX		DOLLAR INDEX		DOLLAR INDEX		DOLLAR INDEX		DOLLAR INDEX	
	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%
Australia (51)	194.65	1.2	187.01	129.22	146.90	171.75	0.8	3.89	182.33	184.63	127.83	145.11	170.44	200.32	158.79	161.36
Austria (20)	198.56	0.7	172.22	123.84	140.78	140.85	0.8	1.63	186.17	177.78	123.08	139.59	159.28	186.11	182.35	
Belgium (24)	208.48	1.4	200.30	138.41	157.34	153.53	1.4	2.05	205.52	192.82	136.62	155.30	181.26	215.81	172.98	173.02
Brazil (26)	163.34	0.9	150.85	106.37	123.19	125.04	0.8	1.57	161.78	155.29	107.52	122.05	222.54	170.25	160.06	115.63
Canada (107)	152.35	0.8	149.25	103.13	117.24	114.72	0.5	0.43	153.95	147.78	102.33	116.18	153.94	158.71	123.64	127.39
Denmark (23)	201.92	1.0	200.06	200.43	227.85	230.55	1.0	2.54	208.00	207.03	168.73	225.50	228.89	232.41	226.39	
Finland (25)	183.76	1.2	176.54	121.69	135.59	173.29	1.1	1.84	181.65	174.38	120.74	137.08	157.08	171.13	162.85	
France (69)	195.25	0.8	178.54	123.54	140.56	140.01	0.8	1.37	189.78	177.20	112.85	128.10	129.10	142.28	149.35	
Germany (50)	171.19	0.8	164.51	113.67	129.23	129.23	0.9	1.87	169.78	158.99	112.85	128.10	129.10	142.28	149.35	
Hong Kong (59)	440.70	-2.3	423.39	292.58	232.58	437.54	-2.3	3.47	254.34	247.1	188.09	191.21	225.25	262.70	205.44	213.76
Ireland (16)	237.02	1.1	240.92	170.52	153.97	229.01	1.2	0.74	241.18	234.45	159.21	182.85	202.71	241.18	213.76	
Italy (102)	175.14	-0.1	170.26	123.45	105.79	105.79	-0.3	1.74	173.18	164.25	105.79	123.45	105.79	105.79	105.79	105.79
Japan (22)	151.01	0.1	145.08	100.55	113.97	100.25	0.0	0.78	150.88	144.54	100.25	113.97	100.25	100.25	100.25	100.25
Malaysia (107)	325.58	0.0	307.53	759.38	822.14	821.60	2.5	1.48	1116.24	1071.56	741.53	842.22	918.05	127.14	647.81	914.21
Mexico (11)	1142.41	0.0	268.11	185.95	211.38	207.88	0.7	3.22	276.35	267.21	155.01	210.02	205.85	283.23	226.08	226.08
Netherlands (23)	181.07	0.3	173.95	106.14	124.07	112.37	0.5	1.42	173.11	165.54	106.14	124.07	112.37	112.37	112.37	112.37
New Zealand (14)	78.75	0.8	78.61	52.94	60.18	62.75	1.0	2.20	78.61	78.61	52.94	60.18	62.75	62.75	62.75	62.75
Norway (23)	241.88	1.2	232.35	163.55	125.82	125.82	1.2	2.20	238.67	229.31	158.77	180.23	205.85	243.76	202.78	73.71
South Africa (45)	392.76	-0.5	438.32	302.87	234.41	234.41	-0.2	1.38	406.08	440.30	304.39	340.06	303.33	365.21	303.33	303.33
Spain (67)	256.24	0.9	256.24	181.31	125.01	125.01	0.7	1.57	256.24	256.24	125.01	125.01	256.24	256.24	256.24	256.24
Sweden (23)	241.88	1.2	232.35	163.55	125.82	125.82	1.2	2.20	238.67	229.31	158.77	180.23	205.85	243.76	202.78	73.71
Switzerland (26)	177.50	0.3	316.53	230.22	250.21	331.19	0.7	2.13	331.19	306.59	216.98	242.54	322.40	331.19	232.23	245.00
Taiwan (37)	225.25	0.6	216.98	151.32	125.01	125.01	0.4	1.61	225.25	225.25	125.01	125.01	225.25	225.25	225.25	225.25
Thailand (44)	185.80	-1.4	178.25	125.40	125.40	125.40	0.4	2.07	185.87	182.12	125.34	124.54	154.34	185.80	154.34	185.80
United Kingdom (209)	268.82	1.7	268.82	154.68	177.54	223.85	0.4	0.20	232.29	229.58	154.40	177.27	222.29	268.82	154.40	177.27
United States (100)	268.82	1.7	268.82	174.85	202.67	268.82	1.7	2.12	264.41	252.35	175.74	175.74	268.82	264.41	175.74	175.74
Africa (78)	245.00	1.8	236.46	162.70	184.48	208.05	1.5	2.15	241.13	231.48	162.70	184.48	208.05	241.13	162.70	184.48
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
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Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	154.44
Europe (730)	204.63	0.7	198.61	136.86	154.44	175.23	0.7	2.00	198.61	198.61	136.86	154.44	175.23	198.61	136.86	

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Telexnet system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

* Bargains at special prices. † Bargains done the previous day.

British Funds, etc

Treasury 134% S&S 2000/05 - £124 1/2 (19/95)
Guaranteed Export Finance Corp PLC 12 1/2% S&S 2000/05 - £129 1/2 (19/95)

Corporation and County Stocks

Birmingham Corp 3 1/2% S&S 1996 (for a/c) - £27 (19/95)
Blackburn Corp 3 1/2% S&S 1996 (for a/c) - £27 (19/95)
Bristol Corp 3 1/2% S&S 1996 (for a/c) - £27 (19/95)
Dudley Metropolitan Borough Council 7% S&S 1996 (for a/c) - £27 (19/95)
Leeds City of 10 1/2% S&S 2000 - £131 (19/95)
Manchester City of 10 1/2% S&S 2000 - £131 (19/95)
Salford City of 10 1/2% S&S 2000 - £131 (19/95)

Foreign Stocks, Bonds, etc (coupons payable in London)

Spain/Don of 4 1/2% S&S 2000 - £140 1/2 (19/95)
Albania National Treasury Servs PLC 8% S&S 2000 - £140 1/2 (19/95)
Albania National Treasury Servs PLC 8% S&S 2000 - £140 1/2 (19/95)
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Albania National Treasury Servs PLC 8% S&S 2000 - £140 1/2 (19/95)

Sterling Issues by Overseas Borrowers

Caixa Nacional de Seguros 10% S&S 2000 - £140 1/2 (19/95)
Caixa Nacional de Seguros 10% S&S 2000 - £140 1/2 (19/95)
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Caixa Nacional de Seguros 10% S&S 2000 - £140 1/2 (19/95)
Caixa Nacional de Seguros 10% S&S 2000 - £140 1/2 (19/95)

Listed Companies (excluding Investment Trusts)

Abbey National PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Abbey National PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Abbey National PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
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FT-SE ACTUARIES INDICES

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Auditor: The Wm Company.

Bedfordshire Building Society PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Bedfordshire Building Society PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Bedfordshire Building Society PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
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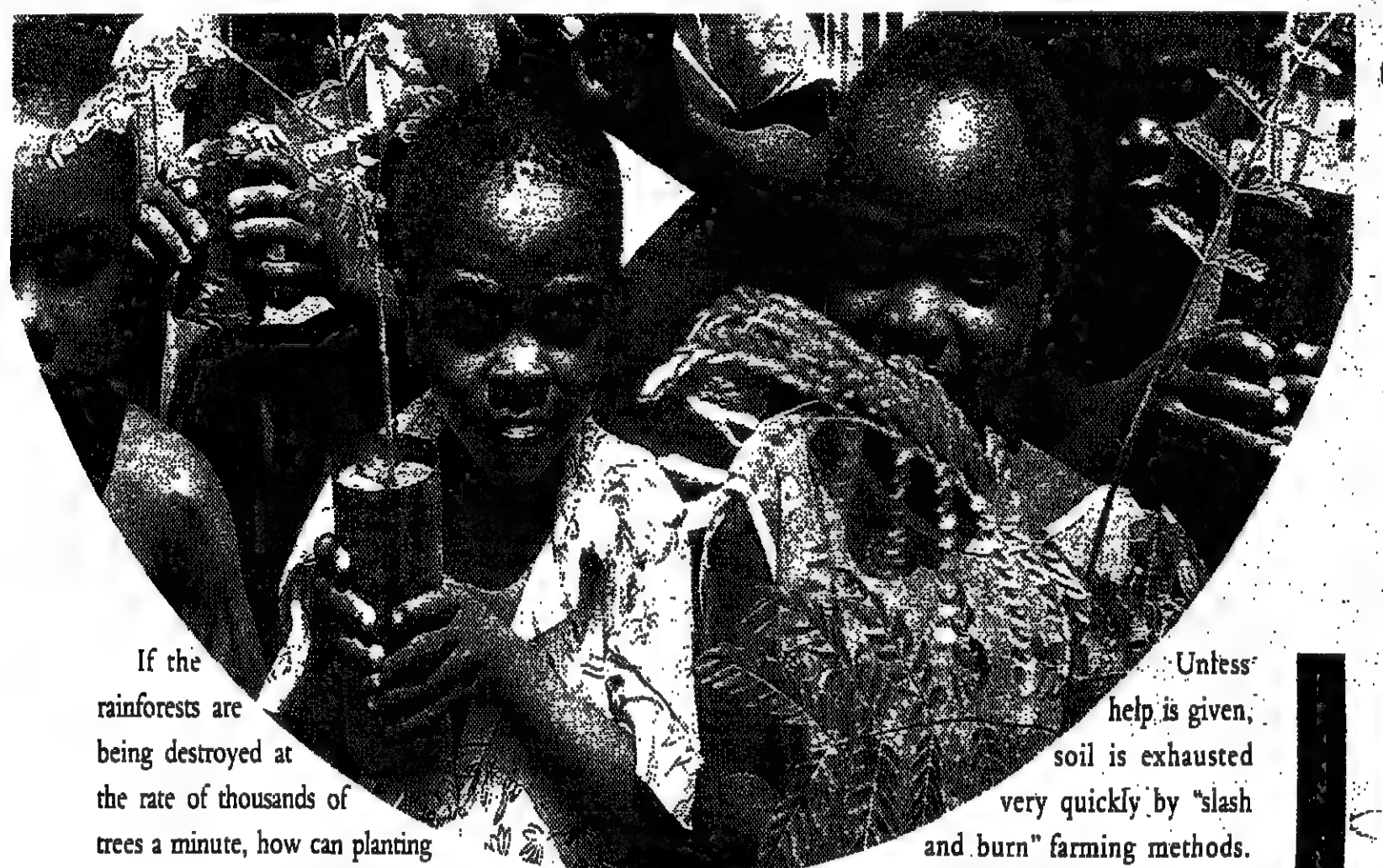
Lincoln PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Lincoln PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
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Lincoln PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Lincoln PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)

Polish PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Polish PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Polish PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
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Polish PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)
Polish PLC 10 1/2% S&S 2000 - £140 1/2 (19/95)

Standard Chartered PLC 12 1/2% S&S 2000 - £140 1/2 (19/95)
Standard Chartered PLC 12 1/2% S&S 2000 - £140 1/2 (19/95)
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Standard Chartered PLC 12 1/2% S&S 2000 - £140 1/2 (19/95)

Wagon Industrial Hodge PLC 7 1/2% S&S 2000 - £140 1/2 (19/95)
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Wagon Industrial Hodge PLC 7 1/2% S&S 2000 - £140 1/2 (19/95)

Flaming Overcome Inv Trust PLC 5% S&S 2000 - £140 1/2 (19/95)
Flaming Overcome Inv Trust PLC 5% S&S 2000 - £140 1/2 (19/95)
Flaming Overcome Inv Trust PLC 5% S&S 2000 - £140 1/2 (19/95)
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Flaming Overcome Inv Trust PLC 5% S&S 2000 - £140 1/2 (19/95)



If the rainforests are being destroyed at the rate of thousands of trees a minute, how can planting just a handful of seedlings make a difference?

Unless help is given, soil is exhausted very quickly by "slash and burn" farming methods. New tracts of tropical forest would then have to be cleared every two or three years.

A WWF - World Wide Fund For Nature tree nursery addresses some of the problems facing people that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaire, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The *Markhamia* lota trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced.

These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world.

The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



International Secretariat, 1196 Gland, Switzerland.

FOR THE SAKE OF THE CHILDREN
WE GAVE THEM A NURSERY.

مركز الأمل

INVESTMENT TRUSTS - Cont.

Gavett High Inc.	74	74
Warrents	31	31
Gavett Oriental	425	425
Gavett Strategic	301	301
Greenstar	493	493
Greenstar House	6	6
Group Div.	48	48
Warrents	14	14
HTB Japanese Smk.	187	187
Warrents	33	33
Henders Highland	128	128
Warrents	20	20
Henderson Shale	422	422

Harold Ave Trst	200	138	139
Warrants		67	67
High Inc Trust	200	75	100
Home Growth TOWN	200	50	102
Home A Trst Sash Co	50	132	136
I & S UK Sash Co's 2v	122	122	39
Warrants		37	37
INESCO Aka Trst 2	110	110	114
Warrants		44	40
INESCO Caw Trst		65	102
INESCO Eng & Int 2v	140	140	102
INESCO Jav Trst	81	81	87
	20	20	20

Warrents	139	148
AVESCO Korea	53	76
Warrents	58 1/2	81 1/2
AVESCO Tokyo	24	31
Warrents	122	123
Int. Blackch Tail	44	57
Warrents	98	88
Int. Tail of Int. Tailor	112	117
Warrents	21 1/2	24
Inspection Cap Cloth	22 1/2	106
Warrents	138 1/2	146
Int. Arm		
Units		

Heavy & Stone Est Cap	784	105
Warrants	11	17
Ci Ln 2000	2144	2110
Heavy & Stone S&S	4	180
Warrants	29	29
Civ Annuity	1680	144
Heavy & Stone UK Discovery	98	100
Warrants	24	32
Kelownan Charter	2884	272
Kelownan Dev	562	562
Kelownan Exp	1280	130
Warrants	62	78
Kelownan Eng	137	138

Kelowna Euro Pub & Grill	85	+2	83
Warrands	21	---	27
Kelowna 7 (gas & oil)	291	+2	297
Kelowna 2nd & 3rd	114	---	114
Kelowna Smt	147	+1	148
Low Descent	585	---	587
Lowest Side Expansive	108	---	134
Low & Gas Recovery	100	---	105
Warrands	38	---	38
Low & St Lawrence	172	---	175
Low Amer Growth	70	---	71
Warrands	15	---	15
Lowland	352	+1	353

[illegible][illegible]

Morgan & Laidlaw	\$73.
Morrison	29
Murray & Co.	82-1/2
Murray	22
Murray Ent.	117-1/2
Murphy	21
Murray Express	65-1/2
Murphy	161
Murphy Inc.	206
N	378
Nash	488-1/2
Nash	481
Nash	487
Nash M. Co.	102

Murphy Ventures	357	42	377
184 Sinclair Acct	108	—	108
Warrano	108	—	108
Northwest Ind. San Cos	135	23	158
Warrano	135	23	158
Northwest Smelt Co	135	23	158
Warrano	135	23	158
New City & Coors	108	—	108

Region	2009	2010	2011
FLP1 Deb 2009	100	100	100
New Zealand	100	100	100
Newmarket V	100	100	100
Hls Amer Gas	100	100	100
Hls Americ Sml Crs	100	100	100
Uns Ln 2013	100	100	100
Northern Ins	100	100	100
Old Mutual SA	100	100	100
Warrick	100	100	100
Overseas Inv	100	100	100
Warrick	100	100	100
Pacific Assets	100	100	100
S&S H Warrick	100	100	100

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Walmart Inc.	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	10
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Preston Rental	\$123		123
Real Estate & Income	789	+1	130
Regener Gas Corp.	77		69
Refrigerants	25		29
Rubber & Vulcan	35		35
Schlich Ind.	219		210
Shore Prop.	62		65
Stamens	17		22
Tan	257	+16	272
Total	2571		272

All asset values supplied by Midwest Securities Ltd.
 a guide only. See guide to London Share Service

NV TRUSTS SPLIT CAPITAL

Notes	Price	+ or -	1995/96
			high
Approved by the Island Revenue			
North Spit Inc. 7.5v	72nd		80
North Spit Inc. 7.5v	222		234
North Spit Inc. 7.5v	306nd		311
North Spit Inc. 7.5v	32		107.1
North Spit Inc. 7.5v	185	-1	185.1
North Spit Inc. 7.5v	187		225
North Spit Inc. 7.5v	410		430
North Spit Inc. 7.5v	21.1		34.1
North Spit Inc. 7.5v	21.1		34.1
North Spit Inc. 7.5v	114		114.1

Capex	-4v	494																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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Wardrobe	94	+1	191
Wardrobe	39	—	69
Wardrobe Prov Critical	58	—	45
Wardrobe	176	—	78
Wardrobe Div Pl	118	—	185
Wardrobe	33	—	120
Wardrobe	10	—	26
Wardrobe Div Pl	162	—	48
Wardrobe Eng Inc	83	—	184
Wardrobe Div Prod	134	—	96
Wardrobe	217	—	137
Wardrobe Scot Inc	54	—	222
Wardrobe	106	—	72
Wardrobe	112	—	112

Micro Univ PY	1987 ₂	-1	200 ₂	168 ₂
Micro Staged PY	5976 ₂	-3	200 ₂	55 ₂
Senior Zero PY	84	-3	101	
Junior Zero PY	121		124	
Core Inc.	118	+5	120 ₂	
AD	105		113	1
Unstaged PY	160		182	
Staged PY	188	+5	188 ₂	1

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ARM - Cont

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11.8	Howdydick
14.5	Madison's Bay
14.5	Imperial Oil
17.2	Isac
21.2	Isac Corp Alliance
26.2	Joe Alquist
8.5	Royal RL Cassano
12.1	Yasuda-Dorn
82.1	Trans Can Pipe
SOUTH	
9.0	Anglo Am Ind.
10.0	Barbar
11.0	Gold Fields Prop
	MC Props.
	SASCO
	LA Brown
	Standard Bank
	Pipe Oils
	Tongat-Palest
P/E	
13.1	
GUIDE	
14.3	Prices for
17.5	Financial Tr
16.0	Share butch
16.0	Company
15.5	Closing bid
12.5	Lowest bid
16.4	When stock
17.1	indicated at
15.0	Symbols ref

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